



Norman Wins British Open Golf in Record Style

Greg Norman of Australia fired a 6-under-par 64 Sunday at Royal St. George's in Sandwich, England, for a 49-under-267 total that broke the Open record of 268 set by Tom Watson in 1977...

Watershed Vote Puts Japan On a New Political Course

Some Changes May Take Time

By Paul Blustein

TOKYO — Now that the election results are in, it seems clearer than ever that if the political turmoil in Japan is going to lead to the sort of changes in Japanese economic policy that the U.S. government wants, a considerable amount of time will have to pass first.

The emergence of parties that can seriously challenge the Liberal Democratic Party's four-decade monopoly on power raises at least the

NEWS ANALYSIS

possibility of significant change in the system that has nurtured Japan's export machine while restraining consumption and imports.

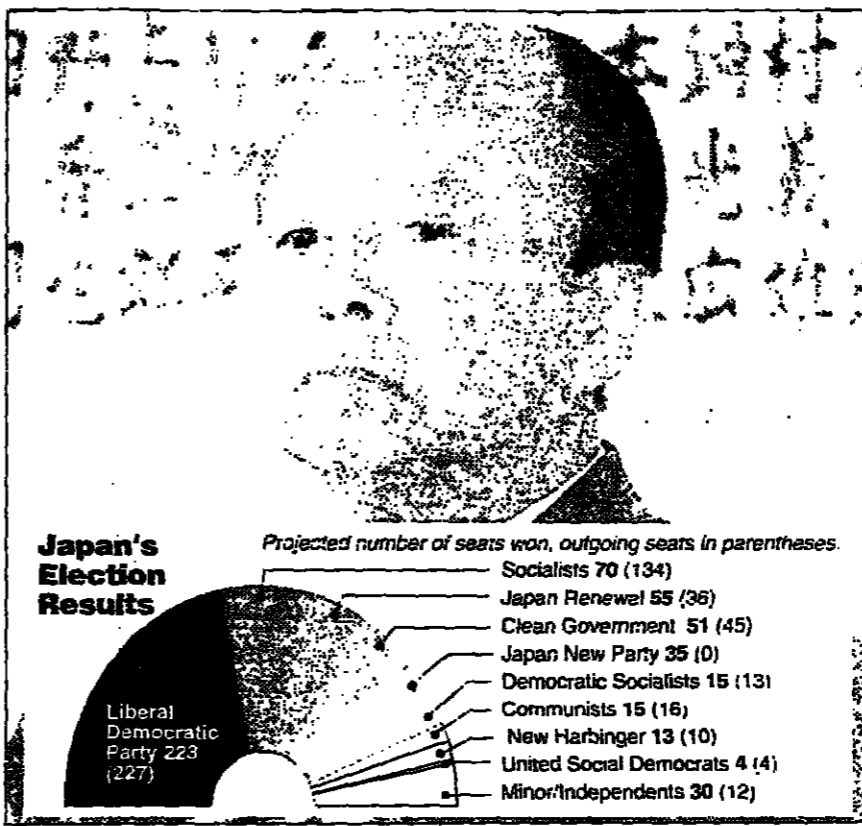
But such change is, at best, years off. For now, the uncertain election outcome points to the likely emergence of a weak government even more reluctant than usual to take bold initiatives.

"We have taken a major step towards a new era which is yet to come," said Yukio Okamoto, a former Foreign Ministry official who envisions the eventual creation of a two-party system that could make Japan more amenable to economic reform.

"But until then, the transition stage will be quite chaotic, with weak leadership and an enhancement of the power of the bureaucracy."

The LDP may retain power as the dominant force in a coalition government, but it has suffered a severe blow as the result of losing its parliamentary majority. Opposition parties may be able to cobble together a governing coalition, but such a government would be divided and unstable.

What all this means is that in months to come, Japanese politicians will be particularly fearful of offending powerful interest groups, and the elite bureaucrats who manage policy



Mr. Miyazawa listening to election results at party headquarters in Tokyo on Sunday.

Ruling Party Seeks Coalition

By Steven Brill

TOKYO — For the first time in 38 years, Japan denied a majority to the ruling Liberal Democratic Party in a vote for change Sunday that thrust the country into a period of political uncertainty.

The formerly unbeatable Liberal Democrats won 223 seats, the largest by far of any of the contending parties, but 33 short of a majority in the 511-member Diet, the powerful lower house of parliament that chooses the prime minister. The results were based on computer projections.

The shape of the next government and the choice of a new prime minister now become the focus of vigorous intraparty maneuvering.

It appeared probable that whatever the outcome of negotiations there would be little substantive change in Japan's foreign policy, anchored in an alliance with the United States.

At home, policies favoring consumers would probably gain strength. Also, there was bound to be more attention paid to political corruption, whose pervasiveness helped bring about the fall of the Liberal Democrats. In great measure, Sunday's vote was a repudiation of corruption and a mandate for cleaner politics.

As the party maneuvering shakes out, the Liberal Democrats will attempt to form a coalition with one or more of the independent conservative opposition parties, claiming it as their right. The secretary-general of the Liberal Democratic Party, Seiichiro Kajiyama, declared, "The voters have expressed their wish to have us as the pivotal party."

But such a coalition would likely come only at the cost of sacrificing some Liberal Democratic leaders, including Prime Minister Kiichi Miyazawa.

Toshiaki Kaifu, a former prime minister, evoked that possibility Sunday night, doing nothing to spare Mr. Miyazawa's feelings.

"He would most likely decide to quit soon," Mr. Kaifu said in a television interview, referring to the prime minister.

Mr. Miyazawa was penitent. "It was a difficult election and it shows in the voting results," he said. "I've caused much trouble and can only say I am awfully sorry."

A possibility more likely than a governing coalition led by the Liberal Democrats appeared to be a grouping formed of smaller parties, with new centrist parties as the focus.

Opposition parties in theory will hold enough seats to form a minority government, even when the Communists are excluded. In that event, the most likely nominee to be prime minister is former Finance Minister Tsutomu Hata, the nominal head of the Japan Renewal Party, which broke away from the Liberal Democratic Party last month and won 55 seats on Sunday.

Another important player will be Morihiro Hosokawa, also a former Liberal Democrat

U.S. Plans a Hanoi Office After 4-Decade Absence

By William Branigin

HANOI — In another sign of cooperation, the United States and Vietnam have agreed in principle to station three U.S. diplomats here to handle consular matters.

If final agreement is reached, it will be the first such U.S. diplomatic presence in Hanoi in nearly 40 years, Vietnamese officials said.

Concluding two days of talks here, leaders of the highest-ranking U.S. delegation to visit this country since the Vietnam War said Washington wanted to assign three State Department officers here "on a temporary basis" to provide services for an increasing number of U.S. visitors and to free the U.S. military mission to focus on the problem of missing servicemen.

Winston Lord, assistant secretary of state for East Asian and Pacific affairs and a leader of the delegation, said President Le Duc Anh handed him a letter to President Bill Clinton in which further cooperation on the missing-in-action issue was promised. Mr. Lord said the

letter also expressed "great appreciation" for Mr. Clinton's decision this month to end U.S. opposition to the refinancing of Vietnamese arrears to the International Monetary Fund, a prerequisite for major new multilateral aid.

Mr. Lord denied that the three "midlevel" diplomats would be "preparing the ground for normalization." The United States does not have diplomatic relations with Vietnam and has maintained a trade embargo since Hanoi's Communist forces toppled the U.S.-backed government of South Vietnam in 1975.

A U.S. official, speaking at the end of the visit here Saturday, said the officers would provide "American citizen services and protection and welfare services," although they may not enjoy full diplomatic status.

Under an agreement reached a decade ago, the United States has regularly sent consular officers to Ho Chi Minh City, formerly Saigon, to process Vietnamese emigrating to the United

See VIETNAM, Page 3

Europe Girds for Next Currency Battle

By Carl Gewirtz

PARIS — In a replay of battles fought and lost since September, Europe's system of fixed exchange rates is once again under attack. Yet again, the issue is a lack of confidence in the ability of participating governments to sustain the onerously high interest rates needed to keep currency rates fixed.

But this time, the stakes are higher. While no one doubts the resolve of the authorities to defend the system, there is considerable concern about their ability to do so.

"The Bundesbank's preferred strategy is to use limited foreign exchange intervention,

mosted rate cuts and statements in support of the exchange-rate mechanism," J.P. Morgan said in its weekly commentary. It added, however, that "the sustained nature of the tensions suggests that these actions may not be enough."

Recent rate cuts by the German central bank seem to have had less effect than earlier easing moves.

But Paul Chertkow at Union Bank of Switzerland in London said he believed that "despite wayward money-supply growth and inflation, the Bundesbank will lower its repurchase rate this week as a prelude to another cut in official interest rates, possibly as early as July 29." As a result, he expected the pressure on the krone and franc "to unwind."

The system survived last year's trials of the forced withdrawal of Britain and Italy, as well as the cascade of currency devaluations by countries officially participating in the system — Spain, Portugal and Ireland — and by those unofficially linked — Finland, Sweden and Norway.

Now, it is Denmark on the front line and the fear is that if the Danes cannot hold, then France, the second economy in Europe behind Germany, will be forced out — a development that would demolish the already truncated system.

The Danish krone and French franc were

See RATES, Page 11

See JAPAN, Page 7

Kiosk 2 Key Groups Quit South Africa Talks

Pakistani Leaders Resign Under Pressure

Persistent Rains Feed Century's Worst U.S. Floods

ST. LOUIS, Missouri — The flooding in the Midwest is the worst in the United States this century, and there is no end in sight.

Tributaries to the Mississippi River in the upper Midwest were brimming with even more rain Sunday, endangering beleaguered levees and threatening flash floods in areas already drenched. Meteorologists said that weather patterns causing heavy rains could last for several more weeks.

Fresh rains could keep waters at record levels along the Mississippi and Missouri, North America's two longest rivers. Their confluence just north of St. Louis has already become a vast, muddy sea where once there were farms and villages.

Surging waters punched new holes in levees along the Mississippi on Sunday, covering more of America's richest farmland and worsening a \$9 billion catastrophe.

Federico S. Peña, the U.S. transportation secretary, provided an overview Sunday of some of the problems his department faces in the Mississippi River basin.

"If you look at the entire transportation system," he said, "everything is affected. We have 11 general aviation airports which are underwater or seriously affected. We have at least six bridges which cross the river for everyday traffic which are out. Ten are still open."

"We have major disruptions of rail lines, both long-haul and short-haul rail lines, and, of course, the interstate system. Fortunately, most of the interstate system in the area is fine except for one small portion."

There have been floods before. But the country's big plumbing system of levees and dams, improved after every flood, was supposed

See FLOOD, Page 3



A National Guardsman in Kiranswick, Missouri, checking the soundness of a levee Sunday in front of a flooded home.

India Deaths Top 420 as Monsoon Lashes 8 Provinces

NEW DELHI — Monsoon floods spread across new areas of India on Sunday, raising the death toll to 424, the Press Trust of India reported.

The news agency said that 15 people had been swept away since Saturday by floods in the northern state of Punjab — the grain bowl of India — and that 10 people died in the adjoining hill state of Himachal Pradesh.

Five people died in Haryana state, which borders Punjab. Haryana officials said the swollen Ravi and Beas rivers swept over an air force facility and submerged more than 25 villages.

In neighboring Rajasthan, rains caused dams and canals to overflow, inundating highways, farms and towns.

In the western coastal state of Gujarat, about 3,000 people were left marooned as security forces carried out rescue operations along the Saharmati River, which overflowed its banks.

Downpours lashed Uttar Pradesh and Himachal Pradesh, where army divers and engineers were working to clear a landslide that partly swamped a major hydroelectric project.

More than 1,000 stranded tourists have been evacuated from Himachal Pradesh since the rains started last week.

The monsoon floods have struck eight Indian states and destroyed thousands of homes, farms, railroad lines and communication networks. Officials say they are the worst since 1988, when large parts of Punjab and Haryana were inundated and more than 500 people died.

These northern farming states estimate flood damage at more than 20 billion rupees (\$645 million). In Punjab, where at least 200 people have died, the army is airdropping food to marooned areas and is rescuing stranded people, military officials said.

(AP, Reuters)

# Q&A: Asian Security and the Evolving U.S. Role

Foreign ministers from the Association of South East Asian Nations — Indonesia, Malaysia, the Philippines, Singapore, Thailand and Brunei — will hold their annual meeting in Singapore on Friday and Saturday. Wong Kan Seng, Singapore's foreign minister and the chairman of the meeting, discussed the agenda with Michael Richardson of the International Herald Tribune.

Q. Why is ASEAN taking up security issues now that the Cold War has ended?

A. Tensions in the Asia-Pacific region have eased. But the end of the Cold War has also created uncertainties. The United States, China and Japan are adjusting their relationships in response to the new distribution of power. This process needs to be managed to ensure that optimal conditions for economic growth in East Asia continue.

Q. What form will a future Asia-Pacific security forum built around ASEAN take?

A. ASEAN holds annual talks at the ministerial level with six major Asia-Pacific nations — the U.S., Japan, Canada, South Korea, Australia, New Zealand — and also with the European Community. We will be meeting our dialogue partners

again in Singapore next week after the ASEAN foreign ministers finish their discussions.

In May, senior officials of ASEAN held a meeting with the seven dialogue partners. We are exploring ways to bring in China, Russia, Vietnam and Laos. Foreign ministers from those four countries, from ASEAN and from our dialogue partners will all be meeting in Singapore on Sunday.

This enables us to create a unique diplomatic forum. For the time being, we want to see this process evolve naturally, at its own pace. We have no master plan.

Q. Won't a multilateral security framework for the Asia-Pacific region tend to weaken the military alliances and cooperation arrangements that the United States has with many countries in the region?

A. We are all keenly aware that the U.S. is, and will remain, a crucial element in regional stability and prosperity. It has always been clearly understood that multilateral security dialogues are intended to complement existing bilateral arrangements and institutions. They are not intended to, and cannot, replace the United States.

However, the nature of the American

military presence in the region will certainly evolve over time. I see multilateral security dialogues as another means of helping the U.S. stay engaged in this dynamic and economically important region. It creates a new rationale for a U.S. presence in the post-Cold War Asia-Pacific.

Q. Will ASEAN foreign ministers endorse a Malaysian proposal for East Asian nations to form a caucus to promote free trade and protect their economic interests?

A. The proposal for an East Asian economic caucus is a matter of continuing discussion in ASEAN. It is generally recognized that more consultations among the East Asian economies would be beneficial, and can help expand economic cooperation and promote an open trading system.

Q. Would such a caucus complement, or be an alternative to, the Asia-Pacific Economic Cooperation forum that includes the United States, Canada, Australia and New Zealand as well as East Asian countries?

A. No one has suggested that an East Asian economic caucus should be a closed bloc or replace APEC. North America, Europe, Australia and New Zealand are all our important trading partners. We are

not so foolish as to do anything that will hurt ourselves.

However, there is increasing interdependence among the economies of East Asia. This provides the rationale and underpinning for closer consultations among ourselves as a complement to APEC. If the North American Free Trade Area and the single European market can be compatible with an open trading system, there is no reason why an East Asian economic caucus should also not be so.

Q. While Singapore has come out in support, some ASEAN governments are wary of President Bill Clinton's recent proposal for leaders of Asia-Pacific nations to hold a first-ever meeting, in Seattle in November. Is ASEAN likely to reach a consensus on this issue?

A. This may be discussed by the ASEAN foreign ministers. There are a range of opinions in the group on President Clinton's proposal. But all the ASEAN countries recognize that the United States is very important.

Singapore thinks that it is therefore in our interests to respond positively to this initiative. I believe that a majority of APEC countries share this view. I hope that all APEC members will participate. We will certainly attend.

# India Vows To Develop An Engine For Rocket

By Sanjoy Hazarika

New York Times Service

NEW DELHI — India intends to proceed on its own and develop powerful missile technology that it has been denied — New Delhi asserts — by agreement between Washington and Moscow.

The government of India will not allow any setback to India's space technology and space program," the Foreign Ministry said in a weekend statement.

It added that while India might consider cooperation with other nations on space technology, it would continue to develop the technologies itself.

It will take India at least five to seven years to develop technology the Russians had agreed to sell.

After negotiations in Washington this week, Moscow backed away from an agreement to sell cryogenic — low-temperature fuel — engines and technology that would have helped India manufacture engines fueled by liquid hydrogen.

Officials said the decision was conveyed to the Indian ambassador in Moscow on Friday.

A New Delhi official said that while India regretted the Russian decision, it was not surprised.

"We've been long aware of the pressure that the United States has been bringing to bear on Russia and India to prevent the transfer of technology," the official said.

In January 1991, the Indian Space and Research Organization signed an agreement with Glavkosmos, the Russian space agency, for the sale of cryogenic engines.

That year, the United States ordered sanctions against the Indian and Russian space agencies.

# WORLD BRIEFS

## German Prisons Criticized as Cruel

STRASBOURG, France (Reuters) — German prisons have come under criticism from the European Committee for the Prevention of Torture, which says it is concerned by the way some prisoners are held in solitary confinement.

The committee, an institution of the European Council, said in an otherwise generally favorable report that it had heard no allegations of torture in a series of visits to jails and prisons.

But it urged German authorities to "revise without delay the way the solitary confinement is imposed." The goal, it said, is "to ensure that the prisoners concerned are provided with stimulating activities and appropriate human contact."

## Italy Awaits New Graft Revelations

MILAN (Reuters) — Magistrates on Sunday resumed interrogation of a prominent business executive, Giuseppe Garofano, amid widespread expectations that the former fugitive could blow the lid off a huge new graft scandal.

"Garofano talks. And the earthquake begins," said the newspaper La Repubblica. Commentators have forecast that information provided by Mr. Garofano, a former executive of the Ferruzzi group, could open the way for the arrest of several leading Italian industrialists. Mr. Garofano was extradited from Switzerland after his arrest in Geneva on July 13.

In nine hours of questioning on Saturday, Mr. Garofano, former chairman of Ferruzzi's Montedison SpA chemicals group, admitted he had used group funds to make an illicit payment of 250 million lire (about \$150,000) to the Christian Democrats, Italy's biggest political party.

## Liberia Enemies Accept Cease-Fire

GENEVA (AFP) — Liberia's warring parties agreed to cease fighting on July 31 and form a unified transitional government to rule the state ahead of new elections seven months later.

But in a joint statement issued over the weekend after eight days of intensive negotiations here, the combatants said they remained key issues to resolve on government, parliament and the judiciary. There was no timetable for the disarmament and demobilization of the parties to one of Africa's bloodiest civil wars.

Mediators said the accord represented a major step in ending the three-and-a-half-year civil war, which has killed tens of thousands of civilians and has made refugees of a third of Liberia's prewar population of 2.6 million.

## Italian Troops Clash With Somalis

MOGADISHU, Somalia (Reuters) — Italian UN troops clashed with Somali gunmen at a checkpoint here Sunday, and other United Nations units searched for weapons in the Medina quarter of the city after facilities nearby were attacked by rocket-propelled grenades and mortar bombs.

Italian sources said that gunmen who had hijacked a bus opened fire when the vehicle was stopped at the checkpoint, and that the Italian troops shot back. A Somali man and a woman were wounded, apparently by fire from the gunmen, the sources said.

## UN Aide Reports Gain on Iraqi Arms

BAGHDAD (Reuters) — A senior United Nations envoy said he and the Iraqi deputy prime minister, Tariq Aziz, had resolved some crucial issues during talks Sunday to defuse a weapons crisis.

"I think we have cleared a large number of issues so now we have to conclude and to sum up the results," Rolf Ekouss said after a four-hour meeting with Mr. Aziz.

Mr. Ekouss, who is head of the United Nations special commission that is dismantling Iraqi weapons of mass destruction under the Gulf War cease-fire terms, said the two sides would conclude the talks Monday. Iraq sparked the crisis by barring UN inspectors from installing cameras at missile test sites and then preventing a UN team from sealing the sites.

# PAKISTAN: 2 Leaders Quit

Continued from Page 1

threatening the country's fragile democracy.

In this country, the same people who claim to be champions of democracy are the same people who are threatening it," he said.

"My heart is full of secrets," he said. "If I reveal all, a multitude of people will take to the streets in expression of anger."

He said an "artificial crisis" had been created to cause difficulties and "punish the poor for their love of Nawaz Sharif."

Mr. Sharif was the first industrialist to head the government of Pakistan.

His appointment in November 1990 broke a tradition under which political power was the preserve of regional chieftains or army generals.

He launched a drive to open up the strictly regulated economy and make Pakistan self-reliant after decades of dependence on foreign aid.

But opposition parties accused him of selling state enterprises to friends at cut-price rates and of isolating Pakistan internationally in his pursuit of self-reliance.

Mr. Sharif spent the past six months in a bitter power struggle with Mr. Ishaq Khan, who dismissed his government on April 18, accusing Mr. Sharif of nepotism, corruption, economic mismanagement and of a "lack of transparency" in the privatization process.

The Supreme Court reinstated him the next month and Mr. Sharif commented that "Almighty Allah has vindicated us."

The reinstatement infuriated the president, who some sources charged had worked behind the scenes to destabilize Mr. Sharif's government, erode his power base and paralyze his administration.

Mr. Sharif had little alternative but to resign, but he had refused to go unless he could take Mr. Ishaq Khan down with him.

In his program of economic reforms, Mr. Sharif lifted most restrictions on the movement of foreign exchange, opened the stock market to foreign investment and privatized state enterprises.

His efforts to help industry impressed the World Bank and foreign investors but alienated some landlords. (AP, AFP, Reuters)

# Croats Open Bridge With Serbs Nearby

Compiled by Our Staff From Dispatches

MASLENICA BRIDGE, Croatia — President Franjo Tudjman led 100 diplomats and journalists across the disputed Maslenica Bridge on Sunday and declared it open despite the threat of nearby Serbian gunners.

"This is a symbol of the renewed unity of our country, the north and the south, linked by this bridge," he said. "It is the first step toward re-establishing the integrity of our State."

Before christening the 270-meter (890-foot) pontoon bridge over Maslenica Gorge, an inlet of the Adriatic about 30 kilometers east of Zadar, Mr. Tudjman had reopened the Zadar airport.

The two sites were part of the one-third of Croatian territory seized by rebel Serbs during the 1991 Serbian-Croatian war. Serbs also took part of the Dalmatian hinterland near Maslenica. But Croats, in a surprise offensive in January, retook the airport and gorge to reconnect the halves of their country.

Croatian Serbs viewed the reopening of the bridge — a previous one was destroyed in the war — as aggression and accused Croatia of "secretly planning to use it for military transport."

The tensions prompted fears of a renewal of all-out war. Hostilities have simmered beneath a tenuous January 1992 cease-fire, under which United Nations troops moved into the Serbian-held areas.

Bosnian Serbian fighters, meanwhile, pressed their drive to take a strategic mountain at the edge of Sarajevo on Sunday while desperation increased in the capital over dwindling food and supplies.

The Serbs broke through defense lines on Mount Igman in three places Saturday and shelled government positions, state-run Bosnian radio reported.

Capture of the mountain, which overlooks Sarajevo's airport, would be a major strategic and psychological blow to Bosnia's Muslim-led government. Government army

sources acknowledged the attack but said defense lines were holding.

Fierce fighting also was reported a few kilometers west of the capital in Hadzici. The assaults increased pressure on Bosnian leaders to accept a Serbian-Croatian plan to end the war by partitioning Bosnia into ethnic Serbian, Croatian and Muslim mini-states.

Sarajevo is short of fuel to run generators at the main hospital, bakery and water pumping stations. Serbs let some UN supplies reach the city Thursday after having blocked them for nearly two weeks.

Peter Kessler of the office of the UN High Commissioner for Refugees said Sunday that Croats and Serbs had blocked more than half of the relief supplies headed toward Bosnia.

"This is sheer obstructionism, sheer inhumanity to man," he said. (Reuters, AFP, AP)

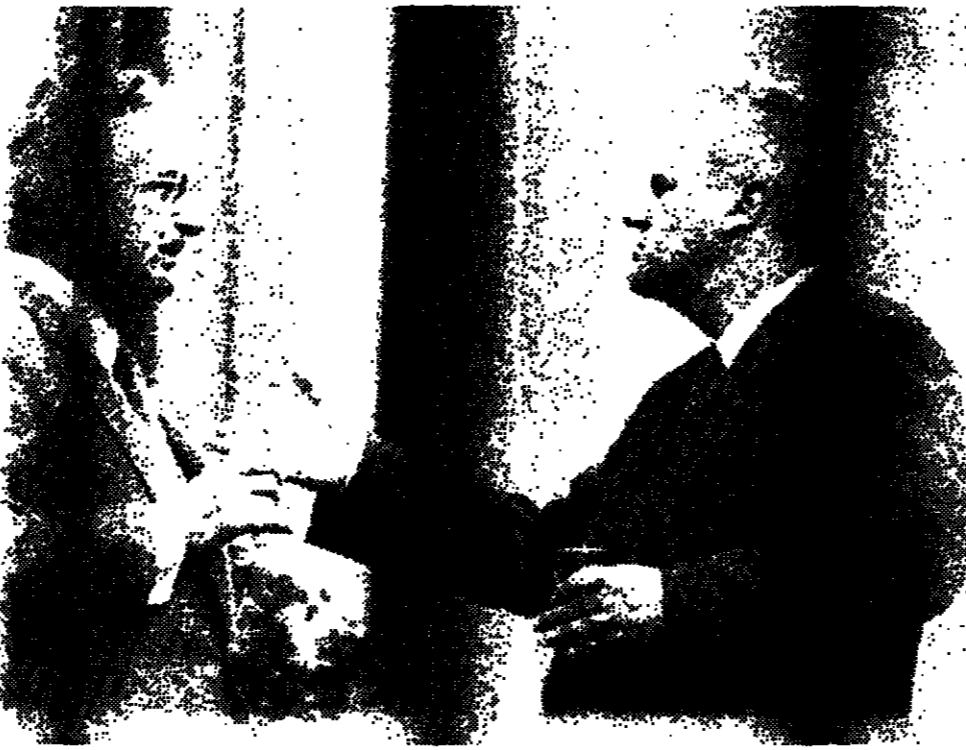
## NATO Warplanes Poised

Craig R. Whitney of The New York Times reported from Bonn: Some 60 NATO airplanes, 34 from the United States and the rest from Britain, France, and the Netherlands, arrived over the weekend at bases in Italy. They will be ready to answer calls for help if the UN secretary-general, Boutros Boutros Ghali, authorizes UN units in Bosnia's safe havens to ask for it.

Officials of the North Atlantic Treaty Organization in Brussels do not expect the United Nations to approve such flights before July 22. When they begin, the air operations will be under the command of Admiral Jeremy M. Borda of the United States, who heads Allied Forces Southern Europe.

France and Britain provide the bulk of the peacekeeping forces in what used to be Yugoslavia, and for the past year they have repeatedly expressed fears that these troops could become hostages to any increase in the fighting there.

Both countries opposed American proposals to carry out air strikes against Serbian units in Bosnia.



Franjo Tudjman of Croatia, left, and Slobodan Milosevic of Serbia in Geneva. The photograph was taken through the bars of a gate as the two men held new talks with international mediators.

# Bosnia Muslims Face Oblivion

Political Extinction Emerges as Apparent Serbian Goal

By John F. Burns

New York Times Service

PALE, Bosnia-Herzegovina — While Muslim leaders in Sarajevo resist pressure to carve Bosnia into states for Muslims, Serbs and Croats, Serbian nationalist leaders are looking beyond partition toward the extinction of Muslims as an independent political force.

Leaders of the Serbian nationalists in Bosnia, whose forces already control more than 70 percent of this former Yugoslav republic, have said they are prepared to exchange land in a peace settlement and allow Muslims to have what they call "a small Muslim state" surrounded by larger states for Croats and Serbs.

This is the plan that the presidents of Serbia and Croatia, Slobodan Milosevic and Franjo Tudjman, have put forward in outline form at international peace talks in Geneva and that the Muslim-led Bosnian government has rejected.

But as Serbian nationalist officials discussed the stalled Geneva talks last week, there was a recurrent warning to President Alija Izetbegovic of Bosnia that the consequences could be more dire. The message was that if the government refuses to negotiate on partition, the war will continue and worsen, until Serbs and Croats are in a position to divide all of Bosnia between them, leaving nothing for the Muslims, the largest population group before the war.

The warning was offered in the context of what would happen if the Muslims fought on until they were defeated. But it seemed clear that the Serbian nationalists backing Radovan Karadzic, president of the self-proclaimed Serbian republic in Bosnia, have begun to consider elimination of any Muslim political entity.

This would be consistent with Serbian claims that Muslims are not really a nation at all, like Serbs and Croats, but people who were Serbs and Croats until Tito, the Communist leader, gave Muslims "nationality" in 1971.

In a brief interview outside the converted ski lodge that serves as his headquarters, Mr. Karadzic said Western governments should step up pressure on Muslim leaders to accept partition. The plan was rejected a week ago in a split vote among the

Muslims, Serbs and Croats who make up the 10-million collective presidency of Bosnia.

When Mr. Karadzic was asked what the consequences would be if the Muslim leaders continued to hold out against partition, he said the demand for a state without ethnic divisions would mean that Muslims, who accounted for 44 percent of the population of 4.4 million in 1991, could dominate Serbs and Croats as soon as their higher birth rate gave them an absolute majority, which he said could come in as little as five years.

Serbian nationalists have said throughout the 15-month war that the Muslims' aim was to establish a "fundamentalist Islamic state" in Bosnia as a base for Islamic expansion across Europe.

Mr. Karadzic said that if Bosnia was divided into Serbian and Croatian states, Muslims would be granted "autonomous" status, but not political independence, within each state.

## Izetbegovic Hints at Partition

John Pomfret of the Washington Post reported from Split, Croatia: President Izetbegovic, in a statement read on Sarajevo radio, expressed doubts Sunday that his dream of a unitary, multicultural state could be achieved in Bosnia. He hinted strongly that he was ready to accept the partition of the country into three states, each controlled by a faction in the conflict.

"If we want peace now concessions are inevitable," Mr. Izetbegovic said. "Is a united Bosnia the way to peace or not? What is more important? How would the people vote if they had to choose between these two things? It seems at the moment that they cannot go together."

The collective Bosnian presidency said it would attend talks if Serbian forces stopped offensive actions and allowed humanitarian aid, including fuel, into besieged Muslim areas.

Over three weeks, the Bosnian president has been preparing his people for what many believe is the inevitability of the partition of Bosnia.

UN officials say the Bosnian Muslims must move quickly to begin talks, because a series of defeats is sapping whatever remains of their military resources.

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**SLOW START TO VACATION** — Travelers on the Munich-to-Salzburg highway near the crossing from Germany to Austria. The police reported traffic jams up to 70 kilometers long on the route as many Germans began summer holidays.

**This Week's Holidays**  
Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Botswana, Burma, Lesotho, Nicaragua, Puerto Rico.  
TUESDAY: Botswana, Colombia.  
WEDNESDAY: Belgium, Bhutan, Guam.  
THURSDAY: Afghanistan, Slovenia.  
FRIDAY: Australia, Egypt, Libya.  
SATURDAY: Ecuador, Venezuela.

Source: J.P. Morgan, Reuters.

# STATESIDE / THE GENETIC PUZZLE

## The Gay Gene: Rights Boon or Portent of Danger?

By Natalie Angier  
New York Times Service

**NEW YORK** — In the sharp debate over the significance of recent work suggesting a biological basis for sexual orientation, all sides are struggling to reconcile the new findings with their political aims and personal convictions.

A report last week linking male homosexuality to a region of the X chromosome has reignited the question of how much a person's sexual preferences are inborn and how much a result of choices made, consciously or otherwise, from early childhood onward.

And though the work remains to be validated by other researchers and almost surely does not apply to all homosexual men, leaders of gay groups, scientists and policymakers are tussling over its potential impact on the quest for gay rights.

On the face of it, the new research would seem to be a windfall for the gay-rights movement, offering a scientific rationale for what many homosexuals always believed: that their sexuality is a profound and unchangeable part of themselves.

As such the work seems to reinforce the argument that homosexuals are worthy of all legal protection accorded other minorities.

Thus liberals, who in the past dismissed a genetic explanation for such traits as intelligence, find themselves embracing the idea that sexual orientation is innate.

But some gay-rights leaders view the latest findings as simple-minded and potentially dangerous. Worried that the new emphasis on the biological origins of homosexuality stems in part from the desire to find some medical means of fixing it, they also doubt that biology alone can explain the complexity of homosexuality or that discrimination can be ended with a simple wave of a laboratory test tube.

"The easy political distinctions break down with this issue," said Dr. Tammar D.

### NEWS ANALYSIS

Gershon, director of the Rainbow Clinic, a pediatric clinic for the children of gay and lesbian parents at the University of California at San Francisco. "It's considered politically incorrect now to talk about sexual preference. You're supposed to talk about sexual orientation, because that sounds more biological."

But for many people, besides included, "genetics alone is not a satisfactory explanation."

She added: "Homosexuality is a large, many-faceted thing with social, political and environmental roots."

The new report comes from the laboratory of Dr. Dean H. Hamer at the National Cancer Institute in Bethesda, Maryland. It is the latest in a string of studies claiming to detect a biological basis for sexual orientation.

Many scientists consider the Hamer study the most rigorous to date.

In the study, which was reported Friday in the journal *Science*, the researchers found that 33 of 40 pairs of homosexual brothers had identical regions on a tip of the X chromosome, suggesting that one or more genes in that chromosomal neighborhood may have helped cause the men's homosexuality.

But other genes, as well as environmental influences, almost surely help sculpt a person's sexual nature. Dr. Hamer said.

Of immediate concern to many gay leaders is whether the new research will help in their efforts to block anti-homosexual-rights ordinances under consideration in some states, and to promote the passage of anti-discrimination laws in others.

Gregory J. King, a spokesman for the Human Rights Campaign Fund, a national lobbying group for gay rights, pointed out the potential benefits of a biological explanation.

"We know from polls," he said, "that when people understand that sexual orientation is not chosen, they are more inclined to support basic civil rights for lesbian and gay people."

Richard Green, a doctor and a lawyer at the University of California in Los Angeles, said the new biological work could well result in the overturning of laws that discriminate against homosexuals.

"There is something the courts call immutability, when a thing is unchangeable," he said. "The classic example of that is race." If homosexuality could be deemed as unchangeable as race, he said, then laws that discriminate against homosexuals would have to serve some extraordinarily compelling state interest to remain in place.

"If sexual orientation were demonstrated to be essentially inborn," he said, "most laws that discriminate against gays and lesbians, including sodomy laws, housing and employment discrimination laws, all would fall."

But other activists said that the new scientific research was equivocal and that such an approach to understanding human sexuality was likely to remain inconclusive for a long time.

"This sort of work should not affect civil rights and the protections that are available to gays," said Kevin Cathcart, executive director of the Lambda Legal Defense and Education Fund in New York, a gay-rights group.

"What concerns me is that if we put too much emphasis on the biological explanation, we end up in courts with dueling scientific experts."

Mr. Cathcart also criticized the notion that people are more accepting of homosexuals if they think it all boils down to differences in genes.

"Bigotry does not respond well to facts," he said. "Race and gender are clearly biologically determined, and yet that hasn't eliminated racism and misogyny."

### POLITICAL NOTES

#### Criticized Lawyer Dumps Libya

**WASHINGTON** — The State Department's former legal adviser, Abraham D. Sofaer, has dropped the government of Libya as a law client following a storm of censure from critics including families of the victims of a Pan American World Airways flight allegedly downed by Libyan terrorists in 1988.

A statement from Mr. Sofaer's law firm, Hughes Hubbard & Reed, read: "Regrettably, the public perception of this undertaking and the reaction of government authorities has been so negative as to lead us to conclude that we could not effectively carry out this representation."

Mr. Sofaer, who did not return telephone calls on the subject, was the State Department's legal counsel at the time of the bombing of Pan Am 103 over Lockerbie, Scotland. The crash killed 270 people, of whom 189 were Americans.

In addition, Mr. Sofaer, who was at the State Department from 1985 to 1990, was one of the architects of the department's 1986 economic sanctions against Libya. He helped write the legal justification for the U.S. military strike on Tripoli in 1986, the event some experts believe was the motive for Libya's alleged bombing of the Pan Am flight. (WP)

#### CIA Chief's Budget Plea Spurned

**WASHINGTON** — The Senate intelligence committee has rebuffed the CIA director and cut about \$1.3 billion from President Bill Clinton's \$29 billion budget request for intelligence gathering, government and intelligence officials said.

The bill would also grant the FBI access to private credit reports without a search warrant or court order.

Behind closed doors, the committee rejected the pleas of the director of central intelligence, R. James Woolsey. He had lobbied aggressively for Mr. Clinton's entire budget request, arguing that it represented the minimum necessary for national security. The senators cut the request mainly by consolidating and slowing spending on multi-billion-dollar spy satellites.

The spending bill for the CIA and the Pentagon's intelligence branches would provide roughly \$27.7 billion for fiscal year 1994, about the same as this year's budget, officials said.

Intelligence spending, which is buried in the Pentagon's budget, is officially a state secret. In the past, the Senate intelligence committee has voted to reveal the budget's bottom line, but the White House and the CIA resisted the disclosure on the grounds that it would damage national security.

This year, the intelligence committee's chairman, Senator Dennis DeConcini, Democrat of Arizona, is planning to bring the issue to the Senate floor for public debate, intelligence officials said. (NYT)

#### Leftist Label Hurts a Nominee

**WASHINGTON** — In another trying twist for the confirmation of administration appointees, Senate approval of Tara J. O'Toole as assistant secretary of energy is in serious jeopardy because of her affiliation with a feminist group that formerly characterized itself as Marxist.

The Senate Energy and Natural Resources Committee has delayed scheduling confirmation hearings for Dr. O'Toole indefinitely, and at least two powerful members of the panel have expressed deep concerns about her nomination for assistant secretary of energy for environment, safety and health.

Senators have questioned the fact that Dr. O'Toole, who is a physician and consultant at the Energy Department, has not had administrative experience. But they have been most vocal about her membership in a study group, Northeast Feminist Scholars, which was originally called Marxist-Feminist Group I.

That affiliation, which was included on biographical materials submitted to the committee, raises questions about her philosophy and judgment, conservative senators say. The White House said Dr. O'Toole joined the group several years after it had changed its name.

#### Quote / Unquote

The title of a confidential White House memorandum instructing members of the Clinton administration to praise results of congressional negotiations on the president's budget plan: "Hallelujah! Change is coming!" (WP)

#### Away From Politics

● NASA postponed the launching of the shuttle Discovery for about a week after engineers uncovered a bad electrical circuit on explosive bolts intended to free the spacecraft from its pad at lift-off.

● More than one-fourth of federal and state judges polled in a survey believe that two Los Angeles police officers were convicted unconstitutionally on federal civil-rights charges for the beating of Rodney G. King, a black motorist. Twenty-seven percent of 40 judges polled for the American Bar Association Journal said the federal trial, conducted after the officers had been acquitted in a state trial, amounted to double jeopardy.

● The United States and Russia will study the feasibility of expanding joint space exploration, including the possibility of putting a manned space station into orbit.

● Twenty-one protesters were arrested in Groton, Connecticut, during the christening of the navy's newest nuclear-armed submarine, the Rhode Island.

● A domestic dispute triggered an arson fire that destroyed or seriously damaged eight buildings and left 75 residents homeless in a Brooklyn, New York, neighborhood.

● In their investigation of the Fourth Reich Skinheads, a white supremacist group in Southern California, federal agents are seeking additional suspects who may have supplied the group with illegal weapons. Several members of the organization were arrested last week, accused of plotting to kill Rodney G. King and to blow up a black church in Los Angeles.

● A New York City doctor who apparently performed an abortion that led to a woman's death had been informed two weeks before the incident that his license would be revoked because of negligence and incompetence, state health officials said. Dr. David Benjamin appealed the health department's decision, which allowed him to continue his practice while the appeal was in process. (NYT, AP, LAT, AFP)

### FLOOD: Century's Worst

Continued from Page 1

to have kept the rivers in their place and maintained the comfortable paradox of living on a floodplain.

Now the unimaginable has happened. Across the Midwest it has rained in biblical proportions — more than 40 straight days.

The rivers, driven past their banks, have invaded 15 million acres (6 million hectares) of farmland in eight states, forcing 36,000 people from their homes and halting river traffic for 600 miles (almost 1,000 kilometers).

From the air, from Minnesota to Missouri, from Kansas to Illinois, it looks like someone has spilled gallons of coffee on a green patchwork quilt that happens to be farms and towns. In silt rivers now as wide as lakes, treetops look like bushes in a swimming pool, bridges and highways and other man-made means to engineering are reduced to three threatened slivers.

The floods have made the broad, S-curved Mississippi and its otherwise perfectly ordered valley look more like the Florida Keys.

"People don't think it can get worse, but it can and probably will," said Gary Schuchman, an official at the emergency agency for St. Charles County, Missouri, north of St. Louis, where another levee had burst and officials said parts of the land were under 10 feet (3 meters) of water.

"We're looking at about 40 percent of the county — the entire floodplain — going underwater," he said.

In St. Louis, the river rose to a height of 47 feet on the other side of a 52-foot flood wall, and the Mississippi was still rising.

Albert Shippe, a hydrologist for the National Weather Service, said the river would probably start to crest Sunday night or Monday before the top of the wall and would hold at crest level for two days or more. No one will know for sure that the river has stopped rising until it begins to fall.

"Once you hit the crest, that is the beginning of the end, but it's a long way from being over," he said. "The fall will take quite some time. St. Louis at the earliest won't be below flood stage (30 feet) until sometime in early August."

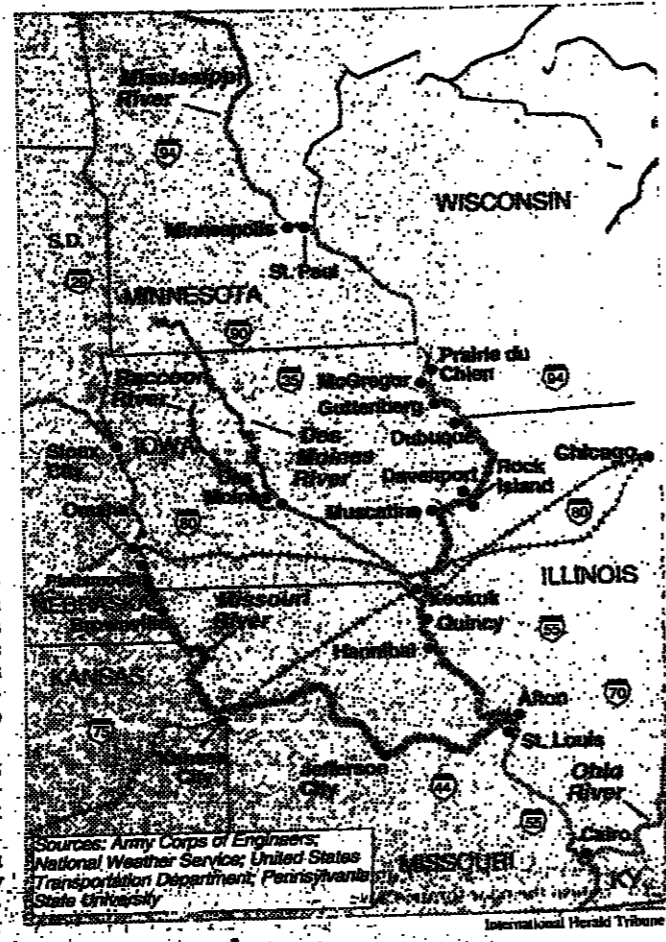
The pool created by the surging rivers has created what Vice President Al Gore called a sixth Great Lake.

"We've got a loss on a magnitude that we don't understand, we've never seen before," said Governor Mel Carnahan of Missouri, who estimated the damage in his state alone at \$2.7 billion, including \$1.4 billion to agriculture.

Twenty-seven people have been reported killed as a result of the deluge, which began six weeks ago. The most recent death was that of an Iowa National Guardsman, shot while putting up a military communications antenna.

On Sunday, workers in the Iowa capital of Des Moines believed they had succeeded in shoring up a levee weakened by thunderstorms on Friday and Saturday. If the levee breaks, the already swollen city center will see even worse floods.

President Bill Clinton said at a meeting of governors of the affected states on Saturday in Arnold, Missouri, that he would seek \$2.5



Midwest Under Water  
Twenty-seven people have been reported killed as a result of the floods that began six weeks ago. Eleven airports are under water or seriously affected. Six bridges across the Mississippi are out. Fifteen million acres of farmland in eight states have been invaded by rivers.

billion in disaster aid from Congress, a figure that state officials suggested would be seriously inadequate.

But Mr. Clinton said: "Given the problems we've got with the budget, I think it would be virtually impossible for the Congress to adopt any new program."

Governor Terry E. Branstad of Iowa had asked the White House to provide more grants for victims, rather than loans.

As Governor Tommy G. Thompson of Wisconsin put it, "A loan to a farmer is the same thing as telling them there's no help at all. Our farmers cannot take another loan."

Governor James Edgar of Illinois told Mr. Clinton: "Most of us feel this isn't going to be enough." Later, he said he had no idea yet what the devastation would cost his state.

The president told the governors

he was considering calling out federal troops to aid in flood relief.

From especially hard-hit Missouri and Iowa, the floods were spreading. Storms dumped as much as three inches of rain on Nebraska, flooding streets in Kearney and Grand Island.

A flood warning was issued for the James River in South Dakota, which took four inches of rain Saturday. Flooding was reported in the Big Sioux and Vermilion rivers in South Dakota, which empty into the Missouri.

Thousands of volunteers worked early Sunday in south St. Louis to shore up sandbag levees along the River Des Peres, which was lapping at the tops of the barrier.

The floods have created such a demand for sandbags that even with domestic manufacturers working overtime, record numbers of bags are being imported.

(NYT, WP, LAT, Reuters, AP)

### Resign or Else, FBI Chief Is Told

By David Johnston  
New York Times Service

**WASHINGTON** — The FBI director, William S. Sessions, had until Monday to resign or face immediate dismissal, according to White House officials.

Mr. Sessions was given the ultimatum during a meeting with Attorney General Janet Reno and other senior officials at which he refused to step aside.

Adding to his troubles, Mr. Sessions tripped on a curb and fell outside the Justice Department as he left the meeting. Doctors said he had broken his elbow in the fall.

Administration officials had predicted that the meeting Saturday would finally bring the protracted case of the director of the Federal Bureau of Investigation to a close.

From a Justice Department ethics report found that Mr. Sessions had abused his travel privileges and skirted other rules on the perquisites of his office.

But instead, the discussion once again ended with Mr. Sessions at the brink of dismissal, his FBI career hanging by a thread. Some say his problems and the erosion of FBI morale have gutted his ability to lead the agency.

President Bill Clinton's difficulty in dislodging Mr. Sessions has grown more awkward in recent days as the president moved ahead with a search for a new director even though Mr. Sessions is still in place.

The president has met with Judge Louis J. Freich of the Federal District Court in Manhattan, who is the leading candidate to succeed Mr. Sessions. Several aides said Mr. Clinton was impressed with Judge Freich, in a conversation that administration officials regarded as one of the last steps before who could be named to the post early next week.

Mr. Sessions, 63, a Republican appointed by President Ronald Reagan, is more than halfway through his 10-year term as director.

His unwillingness to exit gracefully has provoked a debate within Mr. Clinton's senior ranks, with some aides arguing that the FBI director should have been dismissed long ago, officials said.

But Mr. Clinton, some said, has tried to be patient, in part because he regards Mr. Sessions as a decent person who has had a distinguished government career, including a stint as a federal judge in Texas, and deserves the opportunity to depart in a dignified manner.

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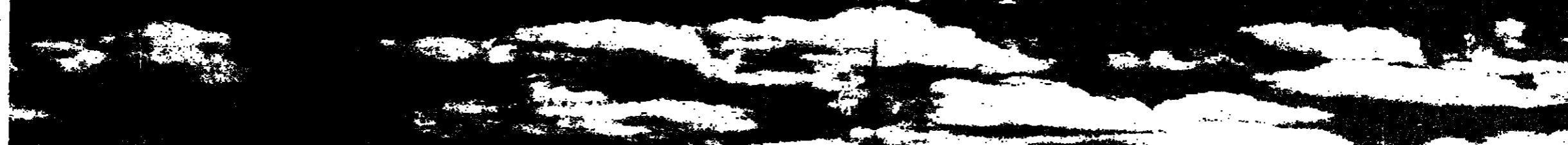


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Herald Tribune

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Less Than an Earthquake

The Liberal Democrats are no longer the undisputed masters of Japan's Diet...

The change in the Diet is much smaller than it ought to have been. The Liberal Democrats had been caught out in one messy deal after another.

Those who say that Japan is not changing as swiftly as the optimists had hoped will point to Sunday's vote.

On With the Job in Somalia

Is there general trouble throughout Somalia, which the United Nations is trying to bring back from meltdown or special trouble in southern Mogadishu?

Certainly the news from southern Mogadishu is grim. A Somali warlord has turned street fighting against his country's would-be benefactors.

It appears nonetheless that it is premature to pronounce the UN operation a fiasco. One thread of the mission is clearly working.

one, of shuffle-footed government. If the Liberal Democrats try to go it alone, they will find it hard to shape a program of any coherence that has a chance of winning a parliamentary majority.

The world had wanted some clear decisions from Tokyo. There is the matter of Japan's willingness to take a full part in the peacekeeping work of the United Nations.

There will now be a period, perhaps a long working within the immeasurably more peaceful circumstances created by the outside forces.

Firepower Diplomacy in an Awkward African Setting

By Jim Hoagland

WASHINGTON — It is in Africa, rather than in the Balkans or the Gulf, that Bill Clinton and his advisers are gaining their formative experience in the use of force abroad.

abandoned with relative ease, according to criteria Mr. Clinton chooses.

budget time. About 5,000 soldiers have stayed on under UN command.

Erasing the warlord by a thunderbolt from the blue will not solve Somalia's vast problems.

out significant U.S. political or military leaders accusing the president of betraying U.S. interests.

Those modest, worthwhile U.S. achievements are now at risk as U.S. troops are drawn deeper into Somalia's war of the warlords.

The mission in Somalia is no longer to protect relief agencies as they distribute food.

Democratic Societies Will Have to Relearn the Ways of War

By Brian Beedham

LONDON — It is not just Italians in a huff over Somalia who have to learn the realities of our unbrave new world.

The democracies have not done well in the first round of the struggle to shape the post-Cold War world.

They are hesitating in Somalia; they may yet lead in Sierra Leone.

The necessary stiffening of 1993 begins with a recognition that the democracies cannot do either of those things until their people come to accept a difficult truth.

It did indeed remove the risk of a cataclysmic clash between two global alliances.

But — the difficult part — these little wars (which will sometimes not be all that little) are not going to be stopped by mere exhortation.

this is the lesson that people have to relearn from what has happened in Bosnia and Somalia.

The clearing of minds can be done. By now, most of us have come to understand the reasons why the post-Cold War world of the 1990s was bound to be.

In the ex-Communist lands, the removal of totalitarian power gave long-suppressed ethnic hatreds their chance to explode.

Between them, these three things guarantee a turbulent world for the next 15 or 20 years.

The Americas, the western part of Europe and perhaps East Asia will with luck be largely exempt from the disorder.

It is also beginning to be understood why the democracies that won the Cold War cannot shrug their shoulders and pretend that

this mayhem is no business of theirs. Their voters would not let them, for one thing.

It is tempting for the victors of any great conflict, in 1990 as much as in 1918 and 1945, to believe that they have earned a time of rest.

Now, they reckon, they can turn to the comforts of peace, and forgo the alarms of war.

The Asian and African parts of the globe that are likely to see the worst confusion of the next 15 or 20 years happen to contain much of the oil and other things the democracies need for their factories.

Once this difficult truth is accepted, the democracies can at last begin to shape a policy for minimizing the chaos.

Since they cannot answer every cry for help, they will have to decide which crises are the most urgent.

chance of working, at not unbearable cost. The system will also have to decide when the rescue is best attempted by the United Nations.

But none of this will start until the central point has been grasped. The defeat of communism did not make it possible for the democracies to sink back into their deck chairs for a permanent summer holiday.

The end of the Cold War has brought new work to do: work that is designed to help less fortunate people, but will also in the end benefit the democracies as well.

But that world will not be created, as Kipling knew, by "singing 'Oh, how beautiful' and sitting in the shade."

These things create a policy environment far more demanding than the one Japanese leaders are accustomed to.

Externally, we could see a more assertive set of policies based more explicitly on Japanese perspectives and objectives.

A Deal May Suit Cambodia

It is understandable that the Clinton administration would rather not see the Khmer Rouge play a role in Cambodia's newly elected government.

They used it to massacre more than a million of their fellow Cambodians.

Nor did it keep Washington from twisting the arms of anti-Khmer Rouge Cambodians to accept the group's participation in the internationally sponsored Cambodian peace process.

Washington now warns Prince Norodom Ranisouk, the new head of state, that Khmer Rouge participation could prevent desperately

needed U.S. reconstruction aid. That has led the prince to hold off, for now, on any formal offer of a coalition role.

With United Nations peacekeeping forces scheduled to leave in a few months, the prince's strategy is to secure a Khmer Rouge commitment to call off the military operations that have left the guerrillas in control of nearly 20 percent of Cambodian territory.

Prince Ranisouk, who has been tricked by the Khmer Rouge in the past, needs to proceed carefully.

U.S. diplomats insist. So it behooves Washington to get suddenly sanctimonious over the prospect of Cambodian leaders now making a pragmatic deal of their own with the Khmer Rouge.

Washington now warns Prince Norodom Ranisouk, the new head of state, that Khmer Rouge participation could prevent desperately

For a New Catholic Look at Sexuality

By Thomas C. Fox

KANSAS CITY, Missouri — One cheer for the Roman Catholic hierarchy in the United States on the wrenching issue of clergy pedophilia.

With their newly formed committees to confront sexual abuse of children, the American prelates are moving beyond their earlier denial that a problem existed.

But to move further forward, the bishops must now look back. They must honestly and openly examine all causes of abuse by priests and the historical pattern of institutional cover-up.

Evaluating the cover-up pattern would give answers to persistent questions involving the structure of the clerical order itself.

With their newly formed committees to confront sexual abuse of children, the American prelates are moving beyond their earlier denial that a problem existed.

warning about the masterminds behind a global strategy to frustrate U.S. competition and ensure Japanese dominance of the world economy.

Each of these scenarios has been put forward by serious observers as the likely result of the overthrow of the government of Prime Minister Kiuchi Miyazawa.

Most commentators judged the July 1989 Upper House elections — in which the Socialists took more than a third of the seats up for election and the LDP lost its majority in the Upper House for the first time — as a rebirth of the leftist political opposition and the advent of a new "progressive-conservative coalition" era.

The next Upper House elections, in 1992, were universally regarded as a "historic" victory for the LDP, with the ruling party capturing 69 of the 127 seats at stake.

U.S. diplomats insist. So it behooves Washington to get suddenly sanctimonious over the prospect of Cambodian leaders now making a pragmatic deal of their own with the Khmer Rouge.

Washington now warns Prince Norodom Ranisouk, the new head of state, that Khmer Rouge participation could prevent desperately

Japan After the Vote: Unchanged but With Continuing Trends

By Norman D. Levin

SANTA MONICA, California — Take your choice. Sunday's election in Japan means:

1) The advent of a "reformist" era when leaders will throw open Japan's markets and adopt a more activist and cooperative international posture.

2) Revival of "conservatism," involving a push for constitutional revision, major rearmament and the end of Japan's long-standing "pro-American" political and security agenda.

3) New tactics to avoid real change, elevating efforts to avoid U.S. pressures for greater access to Japan's markets and domestic pressures for political reform to a more cynical level.

If you choose 1, you are betting that there are guys in white hats waiting to ride in and rescue Japanese citizens from decades of socioeconomic neglect, political corruption and international disrespect.

If you choose 2, you picked the guys in black hats who have been lurking in the background, waiting for an opportunity to rise phoenix-like from the ashes and restore Japan's "indispensable" status as a superpower.

winner will be the party that can best position itself as the guarantor of competence and stability.

Still, Japan does exhibit growing pluralism and political complexity. While successive governments have focused on export-led growth and controlling key technologies, the society itself has become more multifaceted.

Negative population growth, a rapidly aging society and an increasing gap in personal assets have fragmented public interests and spawned new perceptions of social inequity.

At the same time, Japan's objective economic accomplishments have bolstered national pride and self-confidence.

These trends create a policy environment far more demanding than the one Japanese leaders are accustomed to.

Over time, a shrinking work force, declining savings rates and rising outlays for social welfare will hinder the government's growth objectives, while increasing the salience of "quality of life" issues.

Externally, we could see a more assertive set of policies based more explicitly on Japanese perspectives and objectives.

is that none of the three outcomes most commonly anticipated is likely to happen any time soon.

Still, Japan does exhibit growing pluralism and political complexity. While successive governments have focused on export-led growth and controlling key technologies, the society itself has become more multifaceted.

Negative population growth, a rapidly aging society and an increasing gap in personal assets have fragmented public interests and spawned new perceptions of social inequity.

At the same time, Japan's objective economic accomplishments have bolstered national pride and self-confidence.

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Over time, a shrinking work force, declining savings rates and rising outlays for social welfare will hinder the government's growth objectives, while increasing the salience of "quality of life" issues.

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Other Comment

Moving On With the LDP

The Liberal Democratic Party almost certainly will prevail, although somewhat chastened and without a majority.

unless the disparate opposition can develop an ideological identity. The LDP is likely to stay in power, as it has since 1955, either as a minority government or in coalition with its splinter groups plus a good number of conservative "show" independent candidates.

Washington now warns Prince Norodom Ranisouk, the new head of state, that Khmer Rouge participation could prevent desperately

government to guide the country out of its deepest economic slump in 20 years.

The new government will need to advance on two [foreign] fronts: persuading the Japanese to change their constitution to allow troops to take part in peacekeeping on the same terms as other UN members, and preparing Asia for a Japan that takes a part on the regional stage commensurate with its economic stature.

With their newly formed committees to confront sexual abuse of children, the American prelates are moving beyond their earlier denial that a problem existed.

Evaluating the cover-up pattern would give answers to persistent questions involving the structure of the clerical order itself.

International Herald Tribune advertisement including contact information for various offices and subscription rates.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Nicaraguan Rebels

NEW YORK — A dispatch received at the State Department this morning [July 18] from Minister Baker in Nicaragua is as follows: "The President of Nicaragua and his Minister of Foreign Affairs are still in prison, being held by the rebels."

1918: Power of Pigeons

WITH THE FIGHTING ARMIES — One of the principal elements in halting the German offensive in Champagne was the cooperation of the transport and information services.

1943: Quilings Hanged

LONDON — [From our New York edition] Before a crowd of 20,000 who cheered as they watched, eight Russian Quilings were hanged Sunday [July 18] in the city square of Krasnodar in the Caucasus.

1918: Power of Pigeons

WITH THE FIGHTING ARMIES — One of the principal elements in halting the German offensive in Champagne was the cooperation of the transport and information services.

What all this means for the future

What all this means for the future depends on the extent to which the democracies can at last begin to shape a policy for minimizing the chaos.

1918: Power of Pigeons

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1918: Power of Pigeons

WITH THE FIGHTING ARMIES — One of the principal elements in halting the German offensive in Champagne was the cooperation of the transport and information services.

# JAPAN VOTES / HOW STRONG A COALITION?

## 2 Rebels From LDP Who Would Be Chief

Washington Post Service  
**NERIMA, Japan** — Tsutomu Hata is a former bus-tour employee. Morihiro Hosokawa is the descendant of feudal lords.

One of the two could become the first Japanese prime minister since 1955 to come from outside the Liberal Democratic Party, which lost its majority in parliament in the elections Sunday.

Mr. Hata, who has served as finance minister and minister of agriculture, offers the common touch. "I humbly ask your favor," he belabored during the campaign as he stumped for the Japan Renewal Party he heads.

Mr. Hosokawa, head of the Japan New Party and former governor of a southern prefecture that his ancestors once ruled, has a cool, elegant manner.

Both men quit the Liberal Democratic Party over its attachment to the status quo. Both are attractive, articulate and youthful compared with the 70-year-olds who usually hold the post of prime minister.

Mr. Hata is 57. Mr. Hosokawa is 55.

They are centrists who favor making the electoral system less prone to corruption, shifting power from Tokyo to local jurisdictions, tilting policy toward consumers and away from traditionally favored big-business and farm interests, and pursuing a greater role in world affairs.

But they differ in one respect that may prevent joint action. Mr. Hata and most of his party's candidates are recent Liberal Democratic defectors and include some of that party's most ardent practitioners of the "money politics" that has generated scandal after scandal.

Mr. Hosokawa, by contrast, heads a party formed a little more than a year ago whose slate consists largely of political neophytes. They do not hesitate to depict Mr. Hata's party as made up of power-hungry opportunists who care little for true reform.

"The Renewal Party and the Liberal Democrats are the same," Muneaki Sameshima, a New Party candidate, was fond of saying. "The only difference is the party name, the leader's name and the design of the poster."

Many political analysts question whether Mr. Hosokawa will join forces with Mr. Hata in the new parliament, or allow the Liberal Democrats, who retain the largest bloc, to hold on to power as part of a coalition government.

Until a few days ago, Mr. Hata appeared to have the better shot at becoming prime minister because most of the traditional opposition parties, even the leftist Socialists, virtually promised to unite behind him to defeat Prime Minister Kiichi Miyazawa or any other Liberal Democratic nominee.

Lately, however, Mr. Hosokawa has strongly suggested that his party will refuse to vote for any prime minister, which would almost certainly mean that control of the government would go to a Liberal Democratic-led coalition.

Mr. Hata is a down-to-earth, friendly man who is exceptionally appealing on television, in contrast with the typical phlegmatic Japanese politician.

He gained enormous credit with voters for leading the walkout from the Liberal Democratic Party that brought about the June 18 no-confidence vote on Prime Minister Miyazawa, forcing the election.

To deflect criticism about some of its members' past involvement in "money politics," the party issued a document asserting that its members have engaged in "soul-searching" about their former money-raising activities and have undergone "purification" by bolting from Liberal Democratic ranks.

Still, some voters were skeptical. Mr. Hosokawa has somewhat more credibility when he promises to "smash the iron triangle" of politicians, bureaucrats and industry that has run the country for decades. As a governor, he often railed against the power of the ministries in Tokyo over such trivial matters as the location of bus stops.

But his haughtiness is catching up with him. A former top aide, Tetsuhisa Matsuzaki, has accused Mr. Hosokawa of treating supporters and subordinates like serfs.

— PAUL BLUSTEIN

## Business Leaders See a Major Shift

Agence France-Press  
**TOKYO** — Japanese business leaders said the failure of the governing Liberal Democratic Party to win a majority in the Sunday election could weaken their support for the party.

"It has given a major foothold for a shift toward a future system of two major conservative parties," Masaru Hayami, president of the Japanese Association of Corporate Executives, said in a statement.

"With the end of the LDP's single-party rule, the relationship between politicians, bureaucrats and businesses will change. With more openness, the business world may find it difficult to unanimously support the LDP alone."



Tsutomu Hata, right, and Ichiro Ozawa of the Japan Renewal Party consulting over election gains.

## TOKYO: Vote Is Hailed as Step to a 2-Party System

Continued from Page 1  
 constitute the ruling party's backbone.

"With each individual member of the LDP feeling that sense of crisis, they will be even stronger in catering to the interests of their constituents."

Opposition-party politicians, too, will feel constrained from crossing interest groups, he noted.

If there is a ray of hope, it is that Japan now has a political opposition worthy of the name. That could, in time, improve the climate for action on issues that Mr. Clinton and others have been urging the Japanese to address — high prices in shops, for example, the lack of effective anti-cartel enforcement and the cozy ties between politicians, bureaucrats and industry.

"For the first time after the second world war, Japan may have a credible alternative force in politics," said Kamiko Inoguchi, a professor at Sophia University.

The new centrist parties such as the Japan Renewal Party, the Japan New Party and the New Harbinger Party, she contends, could become the core of a political force that would push for demarginalization of the economy and more consumer-oriented, less producer-oriented policies.

That, of course, is precisely what the Clinton administration is hoping because higher living standards in Japan would presumably translate into more sales of U.S. goods.

Ever since 1955, when the Liberal Democratic Party was formed from the merger of two conservative groups, its main opponent has been the ineffectual Socialists, who appealed to a relatively narrow section of voters with their leftist ideology, zealous pacifism and criticism of the U.S.-Japan Security Treaty.

LDP politicians campaigned successfully on the platform of keeping Japan firmly in the U.S. camp during the Cold War, while giving bureaucrats the freedom they needed to guide the development of the nation's industrial strength.

These politicians have had to compete for votes, because LDP candidates must often run against each other in four- or five-seat districts. But the competition rarely involves ideas; rather, it is based on which candidate can dole out the most money, favors and pork-barrel projects to constituents.

Now the Socialists have been effectively overtaken as the opposition leaders by the centrist parties, which pose a far more realistic threat of taking over the reins of government from the LDP.

So over time, a system of two major parties could emerge in which "there will be a competition for real issues that will spark public excitement," said Gerald Curtis, director of Columbia University's East Asia Institute, who is here tracking the election. "Then it will get interesting, because it would in effect pit the public against the bureaucracy on some key economic issues."

As an example, Mr. Curtis cites the increased calls in recent days by politicians of several parties for the government to approve a sizable tax cut this fall.

Such a measure faces enormous resistance from the Ministry of Finance, a powerful agency that considers itself the guardian of Japan's fiscal integrity.

But chances of a tax cut appear to be improving — not just because Washington is asking for it to help stimulate global growth but also because sensible parties that could

someday dethrone the LDP are urging that the tax burden on ordinary Japanese be eased.

Still, for the most part, the emergence of a party championing consumers appears to be a distant prospect. The consumerist rhetoric often voiced during the campaign by leaders of the Japan Renewal Party, the Japan New Party and others included few specific proposals, other than enacting a product liability law.

And in any event, strong consumer consciousness has yet to develop here, Japanese tend to think of themselves not as consumers, but as members of a company like Sony, Toyota or Mitsubishi.

Masayuki Fukuoka, a political expert appearing on a Tokyo television station Sunday night, predicted that not before 1995 will a stable party system emerge from the current plethora of parties.

"This is the start of the age of the coalition," he said. "Japanese politics has now entered into a tumultuous age, where coalitions will be a key structure."

If nothing revolutionary happens, that will hardly surprise the Japanese public, which has grown inured to talk of change. "I don't think politics will change all at once," said Yuki Sawamura, a 30-year-old housewife, as she watched a Japan Renewal Party rally Friday. "But we hope this time will be an important step."

A special session of the Diet must be called within 30 days to pick the next prime minister, although the session is likely to open later this month or early next.

Sunday's vote gave the party at the center of Japan Inc. the largest mandate, but it also showed a desire for change, in the strong support given to three opposition parties that appealed to voters with promises of political reform.

These parties — the Japan Renewal Party, the Japan New Party and the New Harbinger Party — hold the possibility of reshaping Japanese politics by presenting the Liberal Democratic Party with its first viable opposition. Collectively they won 103 seats, second only to the Liberal Democrats.

They took their votes chiefly from the Social Democratic Party, which was the big loser, slipping to 70 from 134 seats. The Socialists,

who for nearly four decades had been the main opposition party, were increasingly seen as an anachronism due to their extreme-leftist ideology.

"The SDP will have little impact on Japanese politics in the future," said Akira Yamagishi, president of Japan's largest labor organization, Rengo, which has been the Socialists' traditional base of support.

The vote is expected to usher in generational change in the Liberal Democratic Party and hasten electoral reform.

"It marks the beginning of evolutionary change," said Yasuomi Sone, a professor of political science at Keio University. "Until now, the entire cleavage has been between conservatives and liberals. Now it will be among conservatives who are split along generational lines and on the issue of political reform."

Continued from Page 1  
 lawmaker, who founded the anti-graft Japan New Party last year.

At the start of a period of horse-trading, the Liberal Democratic Party had to decide whether to seek a coalition headed by Mr. Miyazawa or turn to younger leaders with broader appeal. Possible candidates include Mr. Kaifu, a weak Liberal Democratic leader who nonetheless enjoys a reputation of probity in a climate of concern about official corruption, and former Finance Minister Ryutaro Hashimoto, whose popularity is based in part on his good looks.

Mr. Kajiyama, the Liberal Democratic secretary-general, insisted that his party had been given a mandate to form a coalition.

"The general public is seeking change within political stability," he said. "How can we secure stability out of change? That's not what the voters want."

## Asians Worry About Weak Tokyo Rule

By Michael Richardson  
International Herald Tribune

SINGAPORE — A weak government in Japan emerging from the elections on Sunday will hamper efforts by Southeast Asian countries to strengthen regional security.

Protracted political reorganization in Japan "must slow down the process of policy delivery," said Peter Drysdale, executive director of the Australia-Japan Research Center at the Australian National University in Canberra.

Continued political uncertainty in Tokyo is expected to make Japan an indecisive player in East Asia when faced with difficult foreign and trade policy decisions.

"There is going to be a splintering of power that will make it even harder for the Japanese to make up their minds and come to a decision," an Asian diplomat said, referring to issues that will arise over the next few years.

Those issues include extending Japanese involvement in United Nations peacekeeping activities, pursuing a permanent seat on the UN Security Council, helping to shape a new regional security order and opening the Japanese market more widely to imports to sustain economic growth in Asia.

With weak and divided political leadership at home, "it will be more difficult for Japan to exercise leadership in any meaningful sense," the diplomat added.

Foreign ministers of the Association of South East Asian Nations, who will meet in Singapore on Friday and Saturday before holding talks on economic and political issues with Japan and other Asia-Pacific nations, had hoped to be dealing with a government in Tokyo that would be ready to play a positive role in developing a new security order for the region.

ASEAN, which groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand, has taken the lead in drawing the strongest powers in the region — the United States, Japan, China and Russia — into what could become an important forum for discussing post-Cold War security problems.

The alliance nations have expressed concern that China and Japan may emerge as rivals for greater regional influence as Russian military power declines and U.S. forces in the area are reduced.

NEWS ANALYSIS

On a visit to Singapore last week, Najib Tun Razak, the Malaysian defense minister, said that the North Korean nuclear problem should be dealt with by the United Nations and not serve as "an excuse for Japan to develop its own nuclear capability."

He added that the conventional and nuclear defense umbrella provided to Japan by the United States was also an important assurance that Japan would not "take the military route" in protecting its interests.

Japan, aware of sensitivities left by its military occupation of much of East Asia before and during World War II, was initially cautious about becoming involved in discussions on regional security.

But Wong Kan Seng, the foreign minister of Singapore, who will chair the ASEAN meeting and the subsequent talks with Asia-Pacific countries, said in March that all of them, including Japan, were working together "to try and create a more predictable and constructive pattern of relationships in the Asia-Pacific that would engage and anchor our common friends and the major powers in a peaceful and stable regional environment."

But Mr. Wong cautioned that this might not be easy, partly because there was no clear political consensus in Japan on how to proceed.

Mr. Wong added that if policymakers in Tokyo failed to "show more imagination and creativity" in meeting post-Cold War challenges, Japan could well find itself "not fully accepted by the West as an equal, yet also without easy relationships with its neighbors."

pressed concern that China and Japan may emerge as rivals for greater regional influence as Russian military power declines and U.S. forces in the area are reduced.

Japan's recent refusal to endorse a clear-cut call for an indefinite security.

PROVISIONAL AIRPORT AUTHORITY HONG KONG

EXPRESSION OF INTEREST COMMUNICATION SYSTEMS DESIGN & SECURITY SYSTEMS DESIGN

The Provisional Airport Authority has been charged with developing Hong Kong's replacement airport.

The airport will be sited on 1,248 hectares of reclaimed land and will be connected to the urban centers of Hong Kong with new highway and railway infrastructure. The island will accommodate all activities associated with the operation of a major international airport including all air terminal activities, cargo facilities, aircraft maintenance facilities and Government support facilities. In addition, air industry related commercial activities will also be accommodated on the island. All of these elements will combine to create an integrated transportation infrastructure base to support Hong Kong's role as a leading Asian transportation hub.

The Authority wishes to prequalify design companies interested in developing:

- 1) COMMUNICATION SYSTEMS DESIGN
- 2) SECURITY SYSTEMS DESIGN

for the airport island site.

Interested companies which have a proven track-record in designing communications and/or security systems are invited to apply by fax for a set of prequalification documents to:

The Project Director,  
 Provisional Airport Authority Hong Kong,  
 25th Floor, Central Plaza,  
 18 Harbour Road, Wanchai,  
 Hong Kong  
 (Prequalification for Contract 141 - Communication Systems Design)  
 (Prequalification for Contract 142 - Security Systems Design)  
 FAX NO: (852) 802 8231  
 TEL NO: (852) 824 7724

Expressions of interest should be received by Friday, 30 July, 1993, 12 Noon (Hong Kong time). Prequalification briefs will be issued immediately upon receipt of expressions of interest. The deadline for receipt of prequalification information as set out in the documentation will be Monday, 09 August, 1993, 12 Noon (Hong Kong time). All submissions should be in the English language.

All costs associated with any submission in response to this notice are entirely the responsibility of the applicant organisation(s) concerned.

The Provisional Airport Authority reserves the right to reject any application at its discretion and without explanation.

## PROVISIONAL AIRPORT AUTHORITY HONG KONG

### EXPRESSION OF INTEREST LANDSCAPE DESIGN & URBAN DESIGN GUIDELINES AND STANDARDS

The Provisional Airport Authority has been charged with developing Hong Kong's replacement airport.

The airport will be sited on 1,248 hectares of reclaimed land and will be connected to the urban centers of Hong Kong with new highway and railway infrastructure. The island will accommodate all activities associated with the operation of a major international airport including all air terminal activities, cargo facilities, aircraft maintenance facilities and Government support facilities. In addition, air industry related commercial activities will also be accommodated on the island. All of these elements will combine to create an integrated transportation infrastructure base to support Hong Kong's role as a leading Asian transportation hub.

The Authority wishes to prequalify design companies interested in developing:

- 1) LANDSCAPE DESIGN
- 2) URBAN DESIGN GUIDELINES AND STANDARDS

for the airport island site.

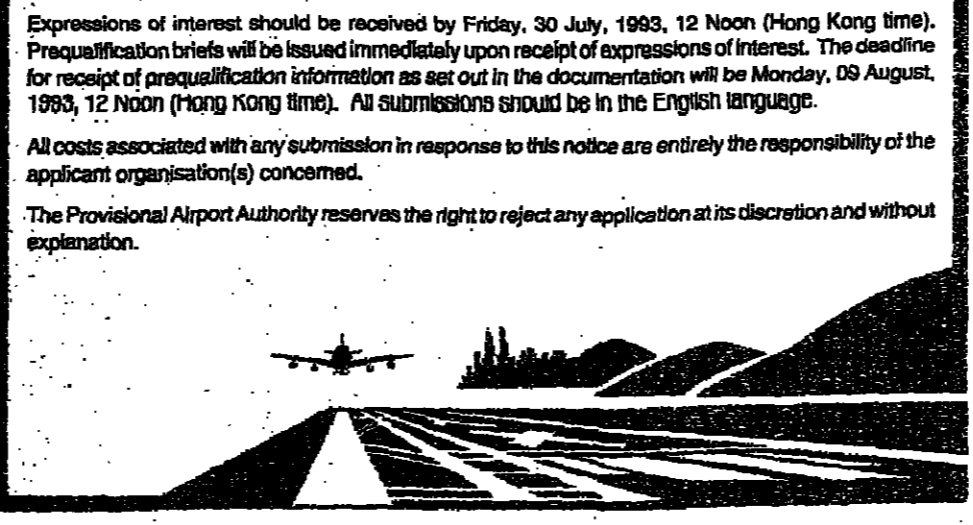
Interested companies which have a proven track-record in managing major urban development and/or landscape design projects are invited to apply by fax for a set of prequalification documents to:

The Project Director,  
 Provisional Airport Authority  
 Hong Kong,  
 25th Floor, Central Plaza,  
 18 Harbour Road, Wanchai,  
 Hong Kong  
 (Prequalification for Contract 170 - Landscape Design)  
 (Prequalification for Contract 193 - Urban Design Guidelines and Standards)  
 FAX NO: (852) 802 8231  
 TEL NO: (852) 824 7724

Expressions of interest should be received by Friday, 30 July, 1993, 12 Noon (Hong Kong time). Prequalification briefs will be issued immediately upon receipt of expressions of interest. The deadline for receipt of prequalification information as set out in the documentation will be Monday, 09 August, 1993, 12 Noon (Hong Kong time). All submissions should be in the English language.

All costs associated with any submission in response to this notice are entirely the responsibility of the applicant organisation(s) concerned.

The Provisional Airport Authority reserves the right to reject any application at its discretion and without explanation.



## PROVISIONAL AIRPORT AUTHORITY HONG KONG

### EXPRESSION OF INTEREST MODULARISATION TECHNIQUES & WORKFORCE ACCOMMODATION

The Provisional Airport Authority has been charged with developing Hong Kong's replacement airport.

The airport will be sited on 1,248 hectares of reclaimed land and will be connected to the urban centers of Hong Kong with new highway and railway infrastructure. The island will accommodate all activities associated with the operation of a major international airport including all air terminal activities, cargo facilities, aircraft maintenance facilities and Government support facilities. In addition, air industry related commercial activities will also be accommodated on the island. All of these elements will combine to create an integrated transportation infrastructure base to support Hong Kong's role as a leading Asian transportation hub. The construction period for the airport is short which creates a need for a large workforce. The island will be isolated with land access not being available until late 1995. This creates major logistics problems in delivering labour and materials to the island, which may be partly relieved by the adoption of modularisation.

The Authority wishes to appoint a company to carry out an investigation and study of:

MODULARISATION TECHNIQUES & WORKFORCE ACCOMMODATION,

in the context of Chek Lap Kok Airport.

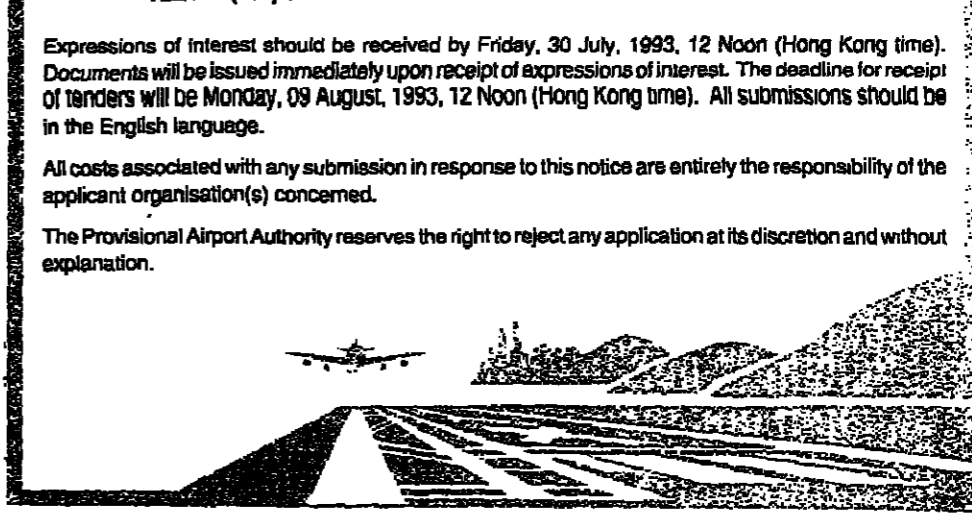
Interested companies which have recent experience and a proven track-record in modularisation techniques and managing large projects with labour accommodated on site are invited to apply by fax for a set of documents to:

The Project Director,  
 Provisional Airport Authority Hong Kong,  
 25th Floor, Central Plaza,  
 18 Harbour Road, Wanchai,  
 Hong Kong  
 FAX NO: (852) 802 8231  
 TEL NO: (852) 824 7724

Expressions of interest should be received by Friday, 30 July, 1993, 12 Noon (Hong Kong time). Documents will be issued immediately upon receipt of expressions of interest. The deadline for receipt of tenders will be Monday, 09 August, 1993, 12 Noon (Hong Kong time). All submissions should be in the English language.

All costs associated with any submission in response to this notice are entirely the responsibility of the applicant organisation(s) concerned.

The Provisional Airport Authority reserves the right to reject any application at its discretion and without explanation.



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WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London, Tel: 322 40 00. Prices may vary according to market conditions and other factors. July 16

Dollar Straights

Issuer Cn Mat Price Yld

Governments/Supranationals

Table listing government and supranational bonds with columns for issuer, maturity, price, and yield.

Table listing various international bonds with columns for issuer, maturity, price, and yield.

Table listing international bonds with columns for issuer, maturity, price, and yield.

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Banks & Finance

Table listing bank and finance bonds with columns for issuer, maturity, price, and yield.

Global Corporates

Table listing global corporate bonds with columns for issuer, maturity, price, and yield.

Dollar Zeros

Table listing dollar zero bonds with columns for issuer, maturity, price, and yield.

Flotting Rate Notes

Issuer & Mat Price Cn

Canadian Dollars

Issuer & Mat Price Cn

Deutsche Marks

Issuer & Mat Price Cn

ECUs

Issuer & Mat Price Cn

Yen

Issuer & Mat Price Cn

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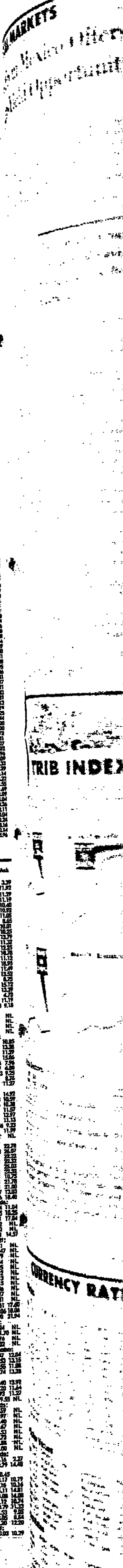
MUTUAL FUNDS

Figures as of close of trading Friday, July 16.

Large table listing mutual fund performance data with columns for fund name, price, and other metrics.

Large table listing mutual fund performance data with columns for fund name, price, and other metrics.

Continued on Page 10





## CAPITAL MARKETS

### Issue From Mexico Offers A High-Yield Opportunity

By Carl Gewirtz  
International Herald Tribune

PARIS — Coup-hungry investors will have a new high-yielding currency to invest in starting this week, when Mexico's largest commercial bank plans to issue medium-term notes denominated in Mexican pesos. All the transactions — payment, settlement, trading — will be in U.S. dollars, enabling the paper to go through the established clearing systems in Europe and the United States.

Banco Nacional de México, or Banamex, intends to issue as much as 1 billion pesos (\$200 million) of paper under a program arranged by Merrill Lynch & Co. The maturity, depending on investor demand, can range from three months to 10 years, although the initial placement is not likely to exceed two years.

Rates on three-month government paper in the domestic market are currently 14.85 percent annually, and Gerardo Vargas of Banamex said the bank expected to pay about a quarter-point more than the yield on government paper.

That would be "a bit more" than Banamex pays to borrow in the domestic market, he said, "but we want to establish the product in the market."

The paper will be available to American institutional investors, but the aim is to sell primarily outside the United States to diversify the bank's investor base. Some European bankers, however, questioned whether there would be substantial international demand for the peso.

Mexican policy is to allow the currency to depreciate against the dollar by as much as 9 percent a year. But Mr. Vargas said that even if that occurred, investors can hedge against the danger — holders would still be earning 5.83 percent, compared with 3.12 percent currently paid by short-term U.S. dollar paper.

The advantage of the Euroissue is that the peso paper will be available free of Mexican withholding tax and subject to New York law. Mr. Vargas said that both Banamex and Merrill were committed to quoting prices on the paper and were aiming to keep the spread between bid and ask rates at no more than 25 basis points, or a quarter of a percentage point.

Merrill said Banamex was well-capitalized, with overall capital at 10.4 percent of risk-weighted assets, compared with the international minimum standard of 8 percent. Core, or Tier 1, capital is 6.4 percent, compared with the international standard of 4 percent. The paper is expected to be rated A by Standard & Poor's Corp.

The Deutsche mark sector, after weeks of languishing with small, specialty targeted issues, is expected to come alive this week with an issue of 1 billion DM from the European Investment Bank. With the currency strong within Europe and expectations running high for further interest-rate cuts before the Bundesbank's summer recess begins July 29 and just after its return in late August, demand for mark-denominated paper is again picking up.

The EIB no doubt could raise money more cheaply borrowing in

See BONDS, Page 11

### In Last Leg, Individuals Take 60% Of BT Sale

Compiled by Our Staff From Dispatches

LONDON — Private British investors will be allocated about 60 percent of the 1.2 billion British Telecommunications PLC shares being sold in the third and final part of BT's privatization, the government's financial adviser S.G. Warburg & Co. said Sunday.

The so-called BT3 share issue is priced at 420 pence (\$6.20) a share for international institutions, with a 10 pence discount for British investors, Warburg said.

Private British investors, who are paying for the shares in installments, will be allocated 60 percent of the 52.2 billion of shares on offer, compared with 50 percent originally envisaged, Warburg said.

The financial firm said about 1.7 million small investors had sent in applications for a total of about 1.06 billion shares, nearly twice the total of 610 million that will be sold.

Warburg said that more than 95 percent of the applicants would receive some shares, almost three-quarters would receive 80 percent or more of the quantity they had applied for, and about 55 percent of them would receive their full request.

Details of the applications and pricing were provisional, and confirmation of them was expected Monday morning, Warburg said.

BT closed at 408 pence a share Friday, down two pence.

Separately, a survey of British company directors said a majority of them expect inflation to increase to a range of between 3 percent and 5 percent by June 1994, compared with 1.2 percent at present.

Peter Morgan, director-general of the institute, described the persistence of inflationary expectations as a worrying indication of widespread doubt about the government's ability to contain inflationary pressures.

The poll of members of the Institute of Directors also said that 86 percent of them said they did not view current British interest rates as a problem.

(Bloomberg, Reuters)

### A Not-So-Magic Kingdom Euro Disney at Crossroads as Profit Sags

By Roger Cohen  
New York Times Service

MARNE-LA-VALLÉE, France — "How is everyone tonight? Ca va?" inquires a Texan in a cowboy hat at Euro Disney's Wild West Show. "Now, on a count of trois — that's one, two, trois — I want you all to raise your hat. I mean your chapeau, and say, 'Yee-hi, yeeeee-hi!'"

The assembled Europeans look bemused. "Yee-hi" is not a sound that emerges naturally from their vocal chords; cowboy hats do not sit naturally on their heads. But when the count reaches trois, that's three, they duly muster an imitation of what passes in the Paris suburbs for the cry of the Rockies and beyond.

Then they are herded into an arena where stage coaches, puffing buffalo and Chief Sitting Bull await them, as do bows of "Cattlemen's Chili," rendered on the Italian menu as "Peperoncino alla Cowboy" and on the German as "Chili mit Cowboyzartel."

On this midsummer night, Buffalo Bill's Wild West Show is half empty. The performance, this being Disney, is slick. But the linguistic contortions are distinctly awkward.

Chili is chili, as everyone knows. But not at Euro Disney, where the world's fantasies about things American must be embroidered in every tongue.

The resultant meanderings from English to French to Franglais and beyond suggest that Walt Disney Co., so scientific in its construction of dreams and relentless in its accumulation of profits from Anaheim to Tokyo, may have lost its bearings in the midst of a polyglot continent.

On July 8, Euro Disney acknowledged for the first time that its problems were so severe that a review of its finances and expansion plans was necessary. The implication is clear: Before committing huge amounts of new money, Walt Disney

Co. wants to know exactly why a previously winning formula has turned sour.

The park is an enormous challenge because, on any day, it's a microcosm of Europe, said Robert Fitzpatrick, the former chairman of Euro Disney who quit three months ago to hand a job that had proved less happy than expected to Philippe Bourguignon, who is French.

It is not only at Buffalo Bill's — pronounced Boofalo Beef by the locals — that Euro Disney has had trouble getting the mix right. Fifteen months after Mickey hit Europe, the Mouse's previously all-conquering grin looks a little taut. The company, 49 percent of which is owned by Walt Disney Co., lost \$203 million in the first six months of its current financial year, which runs from Oct. 1 to Sept. 30.

For April, May and June, when the company was expected to record a profit, it lost a further \$87 million and said the peak July-September period would also show a loss.

Euro Disney has debts of about \$3.7 billion. Hotel occupancy has been well below predicted levels — 55 percent in its first year against a forecast 68 percent — and most analysts do not predict the company will break even before 1996, at the earliest.

Euro Disney's share price fell after the July 8 announcement, to 55 francs (\$9.34). It stood at 160 francs before the park opened, and has thus fallen a total of 66 percent.

Mr. Bourguignon, the new chairman who was supposed to bring a suave feel for French habits to the job, abruptly canceled an interview he had scheduled for this article just hours before it was to take place. His executive vice president, Steve Burke, followed suit.

The only explanation came from a spokeswoman.

See DISNEY, Page 12

### Foreigners Lose Tax Incentives As China Opens

Compiled by Our Staff From Dispatches

BEIJING — China, as part of its effort to rejoin the world's major free-trade organization, said Sunday it planned to give foreign companies greater access to its domestic market but also to end the companies' special tax status.

Chinese companies have long complained about tax breaks granted to foreign joint ventures, which they say gives the ventures an unfair competitive advantage. But joint ventures and foreign companies often have far more difficulty than Chinese companies do in buying raw materials and selling their goods in China.

In an interview published Sunday, Jiao Sufen, director-general of the foreign investment administration at the Ministry of Foreign Trade and Economic Cooperation, said China's top priority was to bring its investment policies in line with those of the General Agreement on Tariffs and Trade, which left GATT after the Communist government came to power in 1949, now wants to rejoin.

"China is prepared to give foreign-funded enterprises the same treatment as its domestic businesses so they can compete on an equal footing," Ms. Jiao told the China Daily Business Weekly.

In return, she said, "preferential tax policies for foreign-funded ventures will be tempered to bring them in line with those for their Chinese counterparts." She did not elaborate. She said the change would be made "once conditions are ripe for these new policies."

Beijing also announced that it had sold almost all its 30 billion yuan (\$5.22 billion) annual treasury bond issue — after ordering local governments, employers and workers to buy the bonds.

Consumers were shunning the bonds because their yields — even after being increased to as much as 15.86 percent annually for the five-year maturity — were less than the rate of inflation.

Finally, the government returned to the compulsory approach it had abandoned only a year earlier. It set bond quotas for each province and

city and barred them from approving any other bond or stock issues until they had sold their quota of treasury bonds. Local governments in turn set quotas for each work-place, and employers assigned minimum purchases for their workers.

Separately over the weekend, a central bank vice governor said that the People's Bank of China was determined to defend the yuan's parity of 8.5 to the dollar in the swap markets, which provide foreign currency for businesses operating in China. The official rate is around 5.75 to the dollar.

(Reuters, AP, Bloomberg)

### Chairman Of Kirin To Resign

Compiled by Our Staff From Dispatches

TOKYO — The chairman of Kirin Brewery Co. Hideyo Motoyama, said he and two other executives would resign to take responsibility for an extortion scandal.

A haggard-looking Hideyo Motoyama said Saturday, "I have decided to resign because I feel a strong moral responsibility." All three executives will remain as advisers.

Police arrested four Kirin executives Wednesday on suspicion of paying gangsters more than 30 million yen (\$2.2 million) to ensure peace at the company's annual meeting March 30.

Racketeers often try to extort money from Japanese companies by threatening to upset annual meetings, typically by having people ask embarrassing questions about executives or dubious business conduct. It has been illegal since 1982 for companies to make payoffs to such extortionists.

(Reuters, Bloomberg)

### EC Development-Funds Pact Likely

By Tom Buerkle  
International Herald Tribune

BRUSSELS — Signs of flexibility from Ireland have raised hopes that European Community foreign ministers will be able to agree on the disbursement of a huge package of development funds at their meeting here Monday and Tuesday.

Ireland blocked an agreement at a meeting here two weeks ago by holding out for an unchanged share of the development funds, which are earmarked for the Community's four poorest members: Ireland, Portugal, Spain and Greece.

Those countries are promised roughly two-thirds of the 141 billion

European Currency Units (\$159.29 billion) of such funds available through the end of 1999, a total that equals about one-third of the entire EC budget.

In recent negotiations with the EC Commission, Irish officials have shown a willingness to see their share slip to between 11 and 12 percent from 13.5 percent.

In return, commission sources said they were willing to make some commitments to Ireland from the 9 percent of development funds that are designated for cross-border projects at the commission's discretion. But they said Dublin still would have to settle for less than the 8 billion punts (\$5.72 bil-

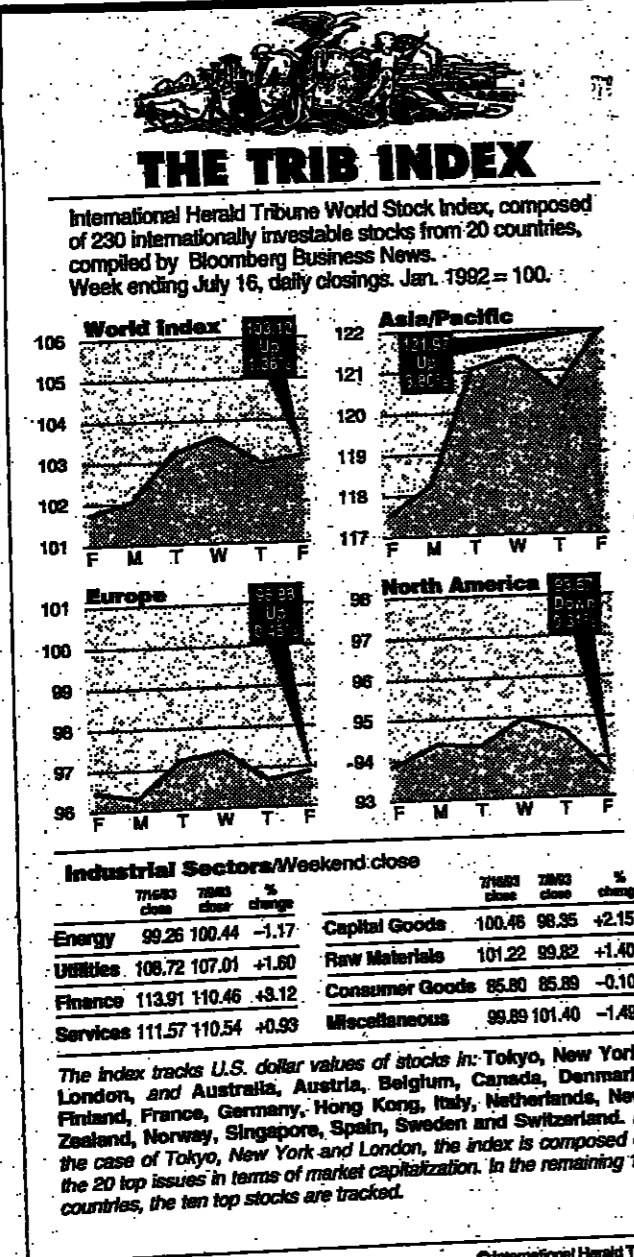
lion) that Prime Minister Albert Reynolds had set as a target.

Ministers also were to address two EC-U.S. trade disputes. France has insisted on a discussion of a U.S. Commerce Department decision to impose anti-dumping duties on hot-rolled steel, which affects nearly \$1 billion in EC exports.

Commission and French officials said it was not clear whether Foreign Minister Alain Juppé would push for retaliatory sanctions if the U.S. International Trade Commission affirms the duties in a ruling due by early August.

Sir Leon Brittan, the EC trade commissioner, has indicated he would

See EC, Page 12



### CURRENCY RATES

July 16

Currency	Per \$	Per 100	Per 100	Currency	Per \$	Per 100	Per 100
Australian	1.46	146.00	100.00	Swedish	1.36	136.00	100.00
British	1.75	175.00	100.00	Swiss	1.48	148.00	100.00
Canadian	0.71	71.00	100.00	Thai	26.50	2650.00	100.00
French	6.55	655.00	100.00	Yen	160.00	16000.00	100.00
German	1.36	136.00	100.00				
Japanese	160.00	16000.00	100.00				
Spanish	166.37	16637.00	100.00				
U.S.	1.00	100.00	100.00				

Other Dollar Values

Currency	Per \$	Currency	Per \$	Currency	Per \$		
Australian	1.46	British	1.75	Canadian	0.71		
French	6.55	German	1.36	Japanese	160.00		
Spanish	166.37	Swiss	1.48	Thai	26.50		
Yen	160.00						

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Australian	1.46	1.47	1.48	British	1.75	1.76	1.77
Canadian	0.71	0.71	0.71	French	6.55	6.55	6.55
German	1.36	1.36	1.36	Japanese	160.00	160.00	160.00
Spanish	166.37	166.37	166.37	Swiss	1.48	1.48	1.48
Thai	26.50	26.50	26.50	Yen	160.00	160.00	160.00

Sources: ING Bank (Amsterdam); Deutsche Bank (Frankfurt); Banco Commerciale Italiano (Milan); Banque Paribas (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (DCS). Other data from Reuters and AP.

### Amsterdam Notebook

### Another Big One Might Get Away

Ambitious Amsterdam is worried it may again be losing in the battle for prestigious European institutions.

Still smarting from its failure three years ago to attract the European Bank for Reconstruction and Development, it could not find any consolation in Jacques Attali's rushed departure from the bank under a cloud of scandal last week — the city had just heard rumors it probably would not get Europe's central bank either.

A German press report that Britain and Germany had made an agreement to put the European Monetary Institute in Frankfurt gave the Dutch a strong sense of déjà vu. In 1990, their EBRD candidacy was sunk by an Anglo-French pact that gave Mr. Attali the presidency and London the bank's headquarters.

"We deserve that institution," said Jan Steinhauser, a former deputy director of the Dutch central bank who is spearheading the city's campaign to raise its financial profile. "If the rumors are true, it's not fair."

The Dutch, a champion of smaller countries' rights within the European Community, saw the EBRD deal as a case of bullying by the more powerful EC members.

A similar deal over the European central bank would be "a real kick in the teeth," one Amsterdam banker said, "especially after the big three have said the bank shouldn't go to an existing major center."

### The Presidency Instead?

Some people here say the reason the Netherlands will not have the EC's central bank is that Dutch Prime Minister Ruud Lubbers is considered a likely choice to succeed Jacques Delors as president of the EC Commission.

Mr. Lubbers, a millionaire and former hockey player, completed his 3,908th day in office Friday, making him the longest-serving Dutch prime minister since the Netherlands became a constitutional monarchy in 1848.

A Christian Democrat who has headed three coalition governments of varying political hues, Mr. Lubbers has been described by Chancellor Helmut Kohl of Germany and Mr. Delors himself as having the diplomatic skills they would like to see in the next EC chief when Mr. Delors's term ends in 1994.

But Mr. Lubbers, 53, who became the youngest Dutch prime minister in history when he took office in 1982, is not giving any clues about his plans. To all inquiries, the standard response is that he wants to finish the job at hand first.

Dutch questioners decided over the weekend to try the back-door approach and questioned his wife, Ria, about whether she expected to move to Brussels — but in vain. She insisted she and her husband had not even talked about the matter.

"It may sound hard to believe, but we simply never discuss it," she said. "Although if you believe everyone else, it's already been decided. I sit here watching TV and they tell me what I'm going to be doing."

### A Sale for the History Books

Whatever residents think of Amsterdam's chance in the world of international finance, they are not likely to accuse the city fathers of being too sentimental about investments.

The city last week sold its 3.24 percent stake in the ailing steelmaker Hoogovens, raising 46 million guilders (\$23.6 million) and booking a 19 million guildler profit on the longtime holding.

The 1,169,172 shares had more than just a monetary value. Back in 1918, it was the Amsterdam City Hall, along with the Dutch state and North Holland province, that financed a big steel plant on the outskirts of the city to create jobs and help launch the Netherlands' long-overdue industrial revolution. Except for a brief interlude in World War II, when the shares were confiscated by Germany, Amsterdam has held a stake in Hoogovens ever since.

Hoogovens said it understood the council's decision, but a spokesman said the company nonetheless regretted it. "Obviously it's a pity. We appreciate stability in our shareholders," he said.

Jon Henley

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MUTUAL FUNDS

Continued

Table of mutual fund data including fund names, share classes, and performance metrics.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, July 16.

Main table of NASDAQ National Market data with columns for stock symbols, prices, and trading volumes.

New International Bond Issues

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price, and Terms. Includes sections for Floating Rate Notes, Fixed-Coupons, and Equity-Linked.

RATES: Stakes Are Higher in Next EMS Showdown

Continued from Page 1. attacked along with the others in September and at the end of the year, and survived. But conditions are different this time. The Danish and French economies in September and at the end of the year were still growing, although only barely, and the rises in interest rates needed to quell the currency attack, although painful, were tolerable. Both countries are now in recession. Unemployment is already over 12 percent in Denmark, approaching 12 percent in France and rising fast, while youth unemployment is over 20 percent and climbing. And in both countries, fiscal policy has already been considerably relaxed. Inflation is barely 1 percent in Denmark and 2 percent in France. That means that real long-term rates — what is left after subtracting for inflation — are about 6 percent in Denmark and 4.625 percent in France. By contrast, in Germany — the anchor of the European monetary system — real long-term rates are a mere 2.375 percent. With short-term rates in all these countries abnormally higher than long-term rates, the real cost of short-term borrowing is horrifically higher: 34 percent in Denmark, 5.75 percent in France, but barely 3 percent in Germany. Such rates mean that borrowing by business or by consumers is imploding, worsening the economic outlook. The problem for Denmark and France is that everyone knows they cannot sustain the current level of interest rates. The certitude that rates must fall means there is money — lots of money — to be made when they do. And this explains why international investors have poured into the Danish and French bond markets. Over a period when the French public debt rose about 50 percent, nonresident holdings surged almost 900 percent. It is these investors running to protect themselves against a currency loss who set the bandwagon rolling. Add domestic investors, also looking to protect themselves against a possible devaluation, and outright speculators, and you get the vast amounts of money moving in the foreign exchange market.

New Chief At N.Y. Fed: Era of Openness?

Compiled by Our Staff From Dispatches. NEW YORK — William J. McDonough, named Friday as president of the Federal Reserve Bank of New York, is a veteran commercial banker who is a relative newcomer to the Federal Reserve System, prompting analysts to predict he will probably be more outgoing and have broader interests than his predecessor. Picked to replace E. Gerald Corrigan, he becomes one of the most powerful figures in the U.S. financial markets. The New York Fed, the largest of the 12 regional banks in the Federal Reserve system, oversees many of the nation's largest banks and brokerage houses. Many analysts consider the New York Fed presidency to be second in power to the Fed chairmanship, currently held by Alan Greenspan. Mr. Corrigan was widely known as the Fed's nuts-and-bolts man who focused on understanding how the banking and payments system works. But Mr. McDonough is expected to have more wide-ranging interest in policy issues. He said, for example, on Friday that he foresaw the New York Fed becoming more active in trying to improve the distressed economies of inner-city neighborhoods. He also said that he expected the U.S. inflation rate to be about 3 percent in the second half of the year. Mr. Corrigan rarely made public comments about the economy, especially precise forecasts. Mr. McDonough also said that the M-2 money aggregate, traditionally the most closely watched measure of money supply, has not been "behaving as it has in the past" and "does not provide a tool to guide monetary policy by itself." "He's not this secretive, closed-mouth type of person," said Don Fine, chief market analyst at Chase Securities Inc. "Unlike a lot of Fed presidents, he has operated in the real world for a long time," said Lawrence Kudlow, chief economist at Bear Stearns & Co. "He's had his share of successes and failures and therefore developed a very broad and deep knowledge. I think you will see more discussion generally of monetary policy issues publicly," said David Jones, chief economist at Aubrey G. Lanning & Co. He worked for 22 years at First Chicago Corp., where he was vice chairman and a director of the bank holding company before he joined the New York Fed. (NYT, Bloomberg, AP, Reuters)

Continued from Page 9. fire and swapping into marks, but as the EB is expected to lock a fixed rate on only a small portion immediately, it is obliged to tap the DM sector directly. LKB, the German state savings bank is also expected to tap the market this week for as much as 1 billion DM. With currency jitters in Europe again running high, bankers reported substantial flows of money into sterling. Although it has been floating since September, the currency is perceived to be well bid at 2.55 DM and more likely to continue to rise than to fall. Supply of new paper is restricted by the lack of swap opportunities — meaning is-

uers have to want sterling — and because potential issuers are inclined to wait for rates to decline. As a result, the three issues of offered last week — including £200 million of subordinated perpetual paper from the Royal Bank of Scotland — met good demand. The lira sector remained active, with four new straight bonds, but traders said the market was becoming congested. Underwriters reported solid demand for the two lira convertible bonds — 200 billion lire for Benetton, and 565 billion lire for Sofitel, convertible into savings, or nonvoting, shares of the state-controlled telephone company.

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Bonn Threatens To Revoke Air Pact With U.S.

Compiled by Our Staff From Dispatches. BONN — Transport Minister Matthias Wissmann said Sunday that an aviation agreement with the United States was a "relic of the occupation" and would be unilaterally revoked on Sept. 15 if talks remained at an impasse. Negotiations collapsed earlier this year and German-American flights have since continued under an interim pact that grants the German carrier Lufthansa AG improved access to some airports in the United States. But Mr. Wissmann said in an interview with the ZDF television channel that the basic agreement gave U.S. carriers the right to land at almost any German airport, but strictly limited the landing rights of German planes in the United States. France and a number of Asian countries are involved in similar disputes with Washington. A German transport workers' union that represents the employees of Lufthansa AG has urged Bonn to cancel the pact. If Germany cancels the agreement, Mr. Wissmann said the interim agreement would remain valid until a new treaty was worked out. (UPI, Reuters)

Euromarts At a Glance

Table with columns: Country, 1-month, 3-month, 6-month, 1-year. Includes sub-sections for Eurobond Yields and Weekly Sales.

Libor Rates

Table with columns: Country, 1-month, 3-month, 6-month, 1-year. Includes sub-sections for Weekly Sales and Libor Rates.

Treasury Bonds Look Like Safe Haven

Compiled by Our Staff From Dispatches. NEW YORK — With 30-year Treasury bonds offering their sturdiest returns ever, and individual investors piling into the stock market, reports have surfaced that money is flowing into U.S. government debt as a safe haven from turmoil in the European Monetary System. Last week, the bellwether 30-year Treasury jumped 1 1/2 percent to 107 1/2 percent. That trimmed its yield to 6.54 percent from 6.64 percent. As the long bond rose, its rally presented an odd feature, as dealers mostly watched in disbelief from the sidelines, waiting for profit-taking at each spike and stepping into the market only when forced to by the daily price action. "Dealers are the ones who keep on getting short, and every time, they get burned," said James Hale at MMS International, stressing that the last rounds of gains were in light volume. Profit-taking appeared unavoidable for a 30-year bond that offered a stingy inflation-adjusted return of about 3.30 percent, with many supportive factors already accounted for. These include prospects of reduced federal budget defi-

cit and predictions that tax increases will kill the fragile U.S. recovery. Additionally, the 30-year bond is yielding just 86 basis points more than the 10-year note, which offers 5.68 percent and ties up an investor's money for two decades less. "The point of all that is that investors must be looking for something more than return," according to Mr. Hale, who said the U.S. Treasury market was playing a safe-haven role. "European money should continue to flow into U.S. Treasuries, unless the EMS crisis is not as severe as currently perceived." Last week, the Danish krone and the French franc were pressured by speculators, who think the countries lack the will to keep interest rates high enough to support their currencies. Robert McGee, chief economist at Tokai Bank, however, said he thought close cooperation between the Bundesbank and the Bank of France could bring massive currency interventions to defeat speculative selling pressures against the franc, regardless of their magnitude. Nonetheless, Mr. McGee said he expected the dollar to add to its recent gains against the European currencies. "For a great while, the Europeans have been underweight in dollars," he said. "This is a reversal of that trend." Closer to home, a raft of buying by municipalities also boosted Treasury bond prices. States and localities, taking advantage of falling interest rates, have been issuing bonds as part of a strategy to pay older debts, incurred when interest rates were higher. Proceeds from the recent bond sales are used to buy Treasury bonds, and these are put in escrow until the funds are needed to pay interest and principal on outstanding municipal debt. The localities cut their borrowing costs by then paying off the newer, lower-yielding debts, from the same funding sources they had used on the more expensive issues. Last week, an estimated \$4 billion in Treasuries were purchased for such strategies, and up to \$5 billion more is possible this week, analysts said. (Knight-Ridder, Bloomberg, UPI)

U.S. CREDIT MARKETS

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The Week Ahead: World Economic Calendar, July 19 - 23

Table with columns: Date, Event, Location. Includes sections for Europe, Asia-Pacific, and The Americas.

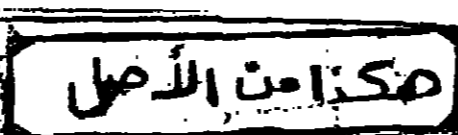
BONDS: Mexico Plans an Issue

Continued from Page 9. and because potential issuers are inclined to wait for rates to decline. As a result, the three issues of offered last week — including £200 million of subordinated perpetual paper from the Royal Bank of Scotland — met good demand. The lira sector remained active, with four new straight bonds, but traders said the market was becoming congested. Underwriters reported solid demand for the two lira convertible bonds — 200 billion lire for Benetton, and 565 billion lire for Sofitel, convertible into savings, or nonvoting, shares of the state-controlled telephone company.

Last Week's Markets

Table with columns: Market Index, July 16, July 17, July 18, July 19. Includes sub-sections for Stock Indexes and Money Rates.

REPUBLIC OF LEBANON MINISTRY OF HYDRAULIC AND ELECTRICAL RESOURCES COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION. ANNOUNCEMENT FOR PRE-QUALIFICATION FOR THE SUPPLY AND ERECTION OF TWO COMBINED CYCLE POWER GENERATING PLANTS. Within the framework of priorities of The National Programme for the Recovery of the Infrastructure, the Government of Lebanon, acting through the Ministry of Hydraulic and Electrical Resources invites applications from suitably qualified international power station contractors to pre-qualify to tender for the supply and execution on a turn-key basis, of two Combined Cycle Heavy Duty Power Generation Plants. The two power stations will be erected at Zahrani in South Lebanon and Beddawi (I.P.C) in North Lebanon. The total generation capacity at each site will be around 415MW plus or minus 18% (I.S.O.) 50 Hz. The gas turbines at each site will operate at a first stage on Diesel-Oil, then at a second stage on Natural Gas. The Turn-Key projects at each site will include: A. Engineering Studies with: - Site investigation - Civil engineering - Equipment - Fuel storage - Environmental protection. - Work planning B. The criteria which will allow the calculation of a cost estimate of the produced kwh using a given fuel, and the cost of converting the equipment to allow for the use of another fuel according to a programme to be fixed at a later date. C. The supply, shipping and commissioning of the complete combined cycle equipment in perfect operating order, including the necessary spare parts for a rational operation starting from the preliminary handing over date and extending for three years. D. The supply, shipping and commissioning of the high voltage sub-station equipment at 71kV and 220-150kV voltage. E. The necessary civil works for each site (sea water intake, plant foundation, administration buildings, warehouses, workshops, access and internal roads, laboratories, boundary walls etc...). F. Training of personnel at each site. G. Operating and maintenance of the stations for a period of three years subject to renewal. Only manufacturers of gas and steam turbines will be pre-qualified for this tender. Pre-qualification applications must be on the basis of the pre-qualification document prepared by the Council for Development and Reconstruction, which will be available at the CDR offices against the sum of U.S.\$ Five Thousand (\$ 5000) effective Tuesday, July 20th, 1993 at the following address: Council for Development and Reconstruction (CDR) Talet El-Seraif Beirut - Lebanon. Deadline for returning the duly completed pre-qualification document with all relevant supporting material is 12:00 noon (Beirut Local Time) on Monday 30/8/1993.



DISNEY: Europe Gives Theme Park a Frosty Welcome, and Analysts Doubt It Will Break Even for 3 Years

Continued from Page 9
an, Debra Gawron, who said: "There are people in California who are paid to be cautious, and they're worrying and being cautious. We had to cancel because there are sensitive negotiations in progress."
One of those people in Burbank, a Disney spokesman named John Dreyer, added, "We really do want to be cooperative with you in the future, but this is a delicate time."

Behind such views lies a conviction that France stands as a bastion of cultural values diametrically opposed to the values of Disney. "Euro Disney is the very symbol of the process by which people's cultural standards are lowered and money becomes all-conquering," said Jean-

A fundamental question is whether the European recession or cultural differences are keeping visitors away.

Marie Rouart, a writer and the literary critic of Le Figaro newspaper. "France should never have backed such a project. This country must stand for universal cultural values, not universal nonvalues. I believe every Frenchman carries in him a notion of the dignity of France and of its past achievements, and that is part of the reason Euro Disney is less popular than expected."

Just 1 percent of visitors in the first year were American, but close to 90 percent were West Europeans. The French alone make up 37 percent of Euro Disney's customers. European tastes thus hold the key to the future.
From the outset, the park has suffered from what Christian Cardon, the French government official responsible for the negotiations with Disney, calls a "very bad image." In part this reflects the fact that the marauding Mouse is a glorious target. Ariane Mouchkine, the French theater director who once called Euro Disney a "cultural Chernobyl," has not softened to the resort since it opened.

floats of pouting princesses and puffing dragons.
Disney executives seem right to bet that it's a small world after all. Right, too, to think that their merchandise can make it even smaller. Moreover, the concerns over Disney's cultural invasion appear to have been limited to a small circle. The dire warnings that cropped up when the park was announced have disappeared from the press.

Through a change of government from a Socialist one to a Gaullist conservative one, support for Euro Disney has never wavered, probably because, as Mr. Cardon coolly remarked, "Our backing for the project always stemmed from social and economic considerations, never from cultural ones." The park has already created about 10,000 jobs, mainly for the young, and it generated more than \$100 million in tax revenues in its first year.

Overall, in a country where anti-American bias is generally contended by the facts — the huge success, for example, of McDonald's and, more recently, Haagen-Dazs — it seems that most French people are prepared to accept Euro Disney.

If the Disney concept seems digestible to Europeans, some of the Disney culture has proved repellent. In a number of small and not-so-small ways, Disney has irritated people with a corporate arrogance that has hurt the park. The arrival of Mr. Bourguignon, a Frenchman, as chief executive amounts, in part, to an admission that there were serious misjudgments.

The problems began with the much-commented-on Disney dress code — stipulations that women wear "appropriate undergarments" and keep their fingernails short.

As was reported when the park opened, Disney got some important things wrong. There was no alcohol available. Disney's world-

MUTUAL FUNDS

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Continued from Page 9
fight the duties through the General Agreement on Tariffs and Trade.
Ministers also are expected to roll over until September an existing agreement on imports of corn gluten animal feed from the United States, in the face of French opposition to a revised pact negotiated last year.

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# MONDAY SPORTS TENNIS

## India and France Tied at 4-All In the Deciding Davis Cup Set

Compiled by Our Staff From Dispatches

**FREIUS, France** — France's Davis Cup match with India was called off because of bad light here on Sunday at four games all in the fifth set of the deciding match.

The marathon match between stand-in Rodolphe Gilbert and Ramesh Krishnan could have gone either way in this quarterfinal. The winners play Australia or Italy.

Gilbert won the first and third sets, 6-2 and 6-4, while Krishnan won the second and fourth, 6-4 and 7-5. The match continues on Monday.

India's Leander Paes had earlier beaten Arnaud Boetsch, 6-4, 7-5, 6-4, to set up the decider.

Paes pulled out all the stops to beat Boetsch, ranked 183 places above him in the world.

On Saturday, Henri Leconte and Boetsch won the doubles to give France a 2-1 lead with a 7-6 (7-5), 6-3, 6-4 defeat of Krishnan and Paes.

France took a 4-1 lead in the first set, but India regrouped and moved ahead, 5-4, taking advantage of Leconte's erratic play.

In Florence, Richard Fromberg swept Stefano Pescosolido in straight sets to lift Australia over Italy on Sunday in Davis Cup quarterfinals.

Fromberg's 7-6, 6-1, 6-4 victory erased the surprising triumph earlier

in the day by Paolo Cane, a last-minute substitute who stunned Australia's top player, Mark Woodforde, 6-2, 1-6, 7-5, 6-4. Woodforde is ranked 23 in the world and Cane 183.

Australia takes on the winner of France-India in the semifinals.

Fromberg, who stymied Pescosolido with cross-court passing shots, gentle chip shots and deep strokes to the Italian's backhand, registered three aces in the final game. Pescosolido, No. 130, wasn't close to pulling off an upset like his teammate's. Fromberg is ranked 40th.

Cane had brought Italy into a 2-2 tie, placing his shots precisely and taking advantage of numerous unforced errors by the Australian.

Australia had taken a 2-1 lead with a double victory by Woodforde and Todd Woodbridge over Cane and Diego Nargiso.

In The Hague, Paul Haarhuis beat Magnus Larsson, 7-5, 6-3, to give the Netherlands its only victory as Sweden won, 4-1, and advanced to a semifinal Sept. 24-26 against Germany.

Earlier in the day, Sweden took a 4-0 lead as Magnus Gustafsson stopped Richard Krajick, 6-4, 7-5.

On Saturday, Henrik Holm and Anders Jarryd never lost serve in crushing Haarhuis and Mark Koevermans, 6-3, 6-1, 6-3.

Both sides held serve until the Swedish pair broke Haarhuis to take a 5-3 in the first set. Holm and Jarryd won seven straight to win the set and lead by 4-0 in the second. Koevermans held his serve but Haarhuis was broken again as the Swedes went on to clinch the set.

The break in the third set came after Koevermans lost to go down by 4-2. Three games later Holm, whose ATP Tour ranking of 66 made him the lowest-ranked player on court, served a ace to win the Swedes' second match point.

In Halle, Germany completed a 4-1 victory over the team from the former Czechoslovakia, losing its only match when Petr Korda defeated Michael Stich, 6-2, 7-6 (7-5).

Stich, the 1991 Wimbledon champion, helped secure the German victory on Saturday, when he played more than seven sets. He first completed a 6-3, 7-5, 4-6, 6-7 (4-7), 7-5 singles victory over Korda Novacek in a match that had been suspended by rain Friday. He then teamed with Patrick Kuhnert to oust Korda and Cyril Suk, 6-7 (6-8), 6-4, 7-6 (7-3), 6-4.

In the doubles, Korda doubled-faulted to set up match point. The Germans trailed in the fourth set, before several stinging returns by Stich helped break the Czechs' serve twice. (AP, AP)



**GRANDLY DONE**—Akebono threw Takanohana from the ring in a playoff match in Nagoya, Japan, to win his first title since promotion in January to sumo's highest rank, yokozuna. The Hawaiian-born Chad Rowen lost to Takanohana earlier Sunday, leaving them and Takanohana's elder brother, Wakanohana, with 13-2 records. Akebono then first disposed of Wakanohana.

### SIDELINES

#### Graf In, Federation Cup Reshuffled

**FRANKFURT (AFP)**—Organizers rewrote the playing schedules for next week's Federation Cup on Sunday to ensure that defending champion Germany could field its strongest team.

Germany asked for its opening match against Australia, on Monday, to be put back 24 hours to give world No. 1 Steffi Graf extra time to recover from her foot injury and Anke Huber extra travel time from Kitzbühel, where she unexpectedly reached Sunday's final.

"The good news is that Steffi will be fit to play," said Germany's captain, Klaus Hofmann. "But we asked for the delay to give her as much time as possible to recover. Also Anke Huber has reached the final in Kitzbühel. We are not sure if Sabine Hack will be able to play since she has a wrist injury."

Gabriela Sabatini, forced to withdraw from a tournament in Mahwah, New Jersey, because of shoulder tendinitis, has been advised by doctors not to play for at least three weeks.

#### Britain's McColgan Hurts Hamstring

**LONDON (Reuters)**—Britain's 10,000-meter world champion, Liz McColgan, has been forced to pull out of next month's world championships in Stuttgart because of a hamstring injury.

Olympic javelin silver medalist and former world record holder Steve Backley, who has had a shoulder injury, and 400-meter relay team runner Roger Black, who has had a viral infection, will be added to the British team if they are fit. Former 1,500-meter champion Steve Cram will be selected if he reaches the qualifying time of 3 minutes, 36.50 seconds.

#### For the Record

Jan Bodnar, 37, one of England's most prolific all-rounders, said Sunday he will retire from Test cricket after the county team Durham's match Monday against Australia.

Lawrence Taylor, the New York Giants' star linebacker, is the (AP) player from whom Michael Jordan once won \$150,000 playing golf, said a person familiar with the NBA's investigation of Jordan's gambling habits. (NYT)

Gracie Obere of Scotland set a one-hour track cycling world record, riding 51,596 kilometers (32,061 miles) in Hamar, Norway; that bettered by 465 meters the mark set by Francesco Moser in 1984 in Mexico City. (AP)

Michael Carbajal of the United States knocked out South Korean challenger Kim Kwang Sun in the seventh round in Las Vegas to retain his WBC and IBF light flyweight titles. (AP)

### SCOREBOARD

#### Major League Standings

AMERICAN LEAGUE			
Team	W	L	Pct.
New York	57	42	.571
Toronto	56	43	.564
Baltimore	49	50	.495
Detroit	47	52	.475
Cleveland	42	57	.424
Chicago	37	62	.370
Minnesota	37	62	.370

NATIONAL LEAGUE			
Team	W	L	Pct.
Philadelphia	57	42	.571
St. Louis	57	42	.571
Chicago	49	50	.495
Pittsburgh	48	51	.484
Florida	38	61	.380
New York	37	62	.370

#### National League

Team	W	L	Pct.
Philadelphia	57	42	.571
St. Louis	57	42	.571
Chicago	49	50	.495
Pittsburgh	48	51	.484
Florida	38	61	.380
New York	37	62	.370

#### American League

Team	W	L	Pct.
New York	57	42	.571
Toronto	56	43	.564
Baltimore	49	50	.495
Detroit	47	52	.475
Cleveland	42	57	.424
Chicago	37	62	.370
Minnesota	37	62	.370

#### Saturday's Line Scores

Team	W	L	Pct.
Philadelphia	57	42	.571
St. Louis	57	42	.571
Chicago	49	50	.495
Pittsburgh	48	51	.484
Florida	38	61	.380
New York	37	62	.370

#### Friday's Line Scores

Team	W	L	Pct.
Philadelphia	57	42	.571
St. Louis	57	42	.571
Chicago	49	50	.495
Pittsburgh	48	51	.484
Florida	38	61	.380
New York	37	62	.370

#### Baseball

Team	W	L	Pct.
New York	57	42	.571
Toronto	56	43	.564
Baltimore	49	50	.495
Detroit	47	52	.475
Cleveland	42	57	.424
Chicago	37	62	.370
Minnesota	37	62	.370

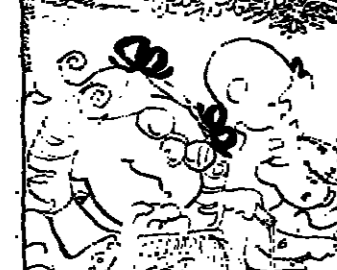
#### Cycling

Team	W	L	Pct.
New York	57	42	.571
Toronto	56	43	.564
Baltimore	49	50	.495
Detroit	47	52	.475
Cleveland	42	57	.424
Chicago	37	62	.370
Minnesota	37	62	.370

#### Football

Team	W	L	Pct.
New York	57	42	.571
Toronto	56	43	.564
Baltimore	49	50	.495
Detroit	47	52	.475
Cleveland	42	57	.424
Chicago	37	62	.370
Minnesota	37	62	.370

#### Dennis the Menace



#### Peanuts



#### Blondie



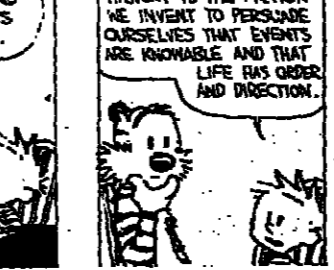
#### Beetle Bailey



#### Doonesbury



#### Calvin and Hobbes



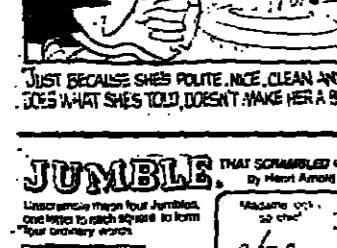
#### Wizard of Id



#### Rex Morgan



#### Jumble



#### Tarzan



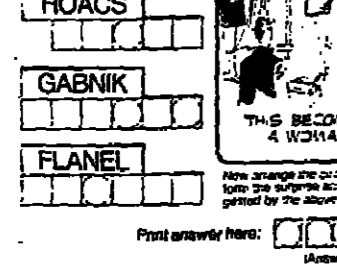
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#### Calvin and Hobbes



#### Wizard of Id



#### Rex Morgan



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# MONDAY SPORTS BRITISH OPEN

## Norman Wins Open, Beating Faldo by 2 With Record Total

### Final Scores For the 122d British Open

At the 122nd Open (127th overall), par 72, Royal St. George's Golf Club, Sandwich, Kent (England) (54-holes):

Greg Norman, Australia	66-68-64-64=262
Nick Faldo, Britain	69-67-70-67=273
Bernhard Langer, Germany	67-68-70-67=272
Peter Senior, Australia	66-68-70-67=272
Corey Pavin, U.S.	66-68-70-67=272
Paul Lawrie, Britain	73-68-69-67=277
Ernie Els, South Africa	68-68-68-68=274
Mark McNulty, Zimbabwe	68-70-67-69=274
Scott Simmonson, U.S.	68-70-67-69=274
Wayne Grady, Australia	74-68-64-68=275
Fred Couples, U.S.	68-70-67-69=275
Bernie Finlay, U.S.	71-70-68-66=275
Bertie Lane, Britain	70-68-71-68=277
Tom Kite, U.S.	73-70-68-66=277
Mark Calcavecchia, U.S.	69-70-67-69=278
Mark McNulty, Zimbabwe	67-71-69-71=279
Giuseppe Lanzi, U.S.	70-68-70-70=278
Jose Maria Olazola, Spain	69-70-67-70=278
Fuzzy Zoeller, U.S.	67-71-71-69=279
John Daly, U.S.	71-68-70-71=279
Peter Baker, Britain	70-67-68-72=278
Henrik Stenroos, Sweden	69-68-68-73=279
Howard Clark, Britain	67-70-70-72=279
Mark Roe, Britain	70-71-70-68=279
Daniel Franz, South Africa	67-71-69-71=279
Reuben David, Australia	68-71-71-70=280
Malcolm Mackenzie, Britain	72-71-67-69=281
Des Smyth, Ireland	70-70-70-71=281
Yoshihito Miyazaki, Japan	69-69-72-71=281
Larry Mize, U.S.	67-68-74-71=280
Mark James, Britain	70-70-70-71=281
John Peterson, Britain	67-71-71-71=281
Severiano Ballestrero, Spain	68-73-68-71=281
Juan van de Velde, France	65-67-70-73=282
Des Smyth, Ireland	71-68-70-73=282
Wayne Westner, S. Africa	67-72-72-70=282
Raymond Floyd, U.S.	70-70-67-75=282
Howard Twitty, U.S.	71-70-70-71=282
Carl Mason, Britain	69-73-72-68=283
Andrew Masah, U.S.	71-70-71-68=283
Rocco Mediate, U.S.	71-70-70-72=283
Greg Turner, New Zealand	67-70-70-76=284
Paul Mahoney, Australia	70-71-71-71=283
Duffy Waldorf, U.S.	68-73-72-70=283
Anders Sorensten, Denmark	67-70-72-74=283
Christy O'Connor Jr., Ireland	72-68-68-75=283
Darran Clarke, Britain	69-71-69-74=283
John Hearn, U.S.	68-72-70-73=284
Steve Haskings, Australia	72-71-70-71=284
Lee Janzen, U.S.	69-71-72-71=284
Ian Roberts, Britain	68-73-72-71=284
Michael Angel Jimenez, Spain	68-74-72-70=285
Ian Woosnam, Britain	72-71-72-70=285
Stephen Ames, Trinidad/Tobago	67-70-72-76=285
Sam Torrance, Britain	72-70-72-71=285
Alfonso Pineda, Spain	70-72-71-72=283
Frank Nabholz, New Zealand	69-70-74-72=282
Jonathan Sewell, Britain	70-72-72-73=284
Tom Lehman, U.S.	67-71-73-73=284
Vijay Singh, Phil.	69-72-72-73=284
Paul Azinger, U.S.	69-72-74-70=284
Craig Parry, Australia	70-72-72-72=284
Ross Drummond, Britain	70-72-72-71=287
Olle Karlsson, Sweden	70-71-73-73=287
Alfonso Pineda, Spain	69-73-73-73=288
William Goy, Britain	70-73-73-78=288
James Cook, Britain	71-74-73-78=288
Tommy Turner, U.S.	67-70-75-76=289
Mike Miller, Britain	72-68-70-73=289
Tom Purtzer, U.S.	70-74-74-75=289
Ion Bogdan-Finca, Romania	72-69-69-79=290
Don Foran, U.S.	71-70-74-75=290
Peter Fowler, Australia	74-69-74-73=290
Peter Michelli, Britain	70-72-75-75=290
Mike Haskings, Australia	70-75-75-75=290
Michael Kraatz, Sweden	71-64-72-77=291
Ricky Wilson, Britain	70-76-76-76=292



Nick Faldo first got the painful feeling that the tournament was slipping away from him when he missed a putt on the sixth green.

### His 267, 13 Under Par, Is by 7 Strokes Best Round Ever at Royal St. George's

By Ian Thomsen

**SANDWICH, England** — From a mounded stage on the 18th fairway, Greg Norman could see everything he had wanted from this world, and he felt the whole world watching him. So he had this one moment in the quiet of the crosswinds whistling and everyone thinking their nasty thoughts.

Finally he made up his mind. He walked up behind the ball, the concentration of all his misery, and he knocked hell out of it. It bored through every layer of wind and a million other lousy suggestions; it landed in that other world. Over there were thousands of people waiting to cheer on the new British Open champion. He let out the breath he had held since 1986, and then he walked on up to it.

In 1986 he never imagined having to wait so long. This year he turned 38 to find that everyone had gone out thinking other things. And then, on Sunday, he played the best round of his life — a 6-under par 64, leaving him picking his ball out of the cup with a course-record 13-under-par 267, two shots better than defending champion and joint third-round leader Nick Faldo.

The great Gene Sarazen, who is 92, called it the greatest tournament he had ever seen. The world's No. 1 never could catch the player who — lacking only the positive reinforcement that a little luck might have given him — should have and could have been as dominant as he was this week. Behind them lay the scorecards of a dozen or more performances that might have won on this course in other years.

"I cannot say in my whole career that I have gone round a golf course and not missed a shot," Norman said. "But today I never miss a shot. I hit every drive perfect, I hit every iron perfect and I screwed up on only one little putt. I'm in awe of just how well I hit the golf ball today."

It was only the second major championship of a career that has paid Norman more than \$5 million for his victories, and several times more for his charisma. He earned that kind of Hollywood money for looking so good while everyone felt his pain.

In 1986 he was the leader of all four majors heading into the final round. He lost them all, except this Open. In that year Bob Tway made one ball disappear out of a bunker to beat him on the final hole of the PGA Championship, and the next year Larry Mize made another ball vanish with a 140-foot (43-meter) chip on the final hole of the Masters. In 1990 Norman lost two lesser tournaments in much the same way.

It isn't the knockouts, but the lasting damage that every fighter disputes. Once again Sunday, Norman began to pull away from his most painful nemesis, Nick Faldo, with birdies on Nos. 1, 3 and 6. Everywhere he walked, Faldo walked one group behind him. And so he could not escape the memory. In 1990, in the third round of the British Open, Faldo had shot 67 to Norman's fainting 76. That had all but buried Norman, it seemed. He went 27 months without winning.

"The disappointments I have had in the past are still there," Norman said. "The relief was that I refused to quit during the bad patch I had in '91 and 1992. I beat that patch because I'm a very competitive guy. This sort of thing does not happen overnight. I worked harder than when I was 21, 22, 23. The relief came because I have proved I can do it."

Faldo, who shot a course record 63 in the second round, was at the top of a remarkable leaderboard as the day began. His round of par-70 in the third round kept him at 8-under with Corey Pavin of America. Within six shots of Faldo were Norman, Bernhard Langer, Nick Price, Wayne Grady (whose third-round 64 brought him into contention), Fred Couples, John Daly and Fuzzy Zoeller — eight major champions, with 14 trophies between them.

Langer, who finished third at 270, might have won if not for two penalized double-bogey one Saturday into a bush on the eighth hole for an unplayable lie. The other hole for an out-of-bounds on No. 14 Sunday, dropping him to eight under par and five strokes behind his playing partner and leader, Norman.

Fourth was Corey Pavin at 272, after a round of 70 alongside Faldo

in the final pairing. He was tied with Norman's fellow Australian, the broomstick-putting Peter Senior, who shot 67.

In 11 previous Opens at Royal St. George's, only 1981 champion Bill Rogers had succeeded in breaking par, at four under. This year 23 players did it. The course had been softened by rain, and early Sunday a 63 by Payne Stewart of the United States, who finished at 276, indicated that it could still be had.

Having taken the lead by himself at No. 6, Norman increased his lead with a tap-in birdie at No. 9, a 389-yard (355-meter) par-4. He walked off the green raising his hand, and a few minutes later in the fairway arrived Faldo, at almost the same spot from which Norman had approached. He walked forward and tossed the leavings of Norman's divot into the wind, then proceeded to give himself a short birdie putt that would have kept him within a stroke of Norman.

But it did not fall, and Norman could draw strength from the audible disappointment behind him. The most telling moment followed shortly thereafter at the 216-yard, par-3 11th, where Faldo's drive ran toward the pin as if magnetized. In any other year it has fallen into the hole for the ace that undoes Norman. This time it bounced off the pin. Faldo made the putt for birdie, only to realize that Norman himself was birdieing the 12th to climb to 12-under and maintain a 2-stroke advantage.

"He always seemed to have a three-shot cushion," said Faldo, seeking his fourth Open and sixth major championship overall on this, his 36th birthday.

His last hope came when Norman's run of seven birdies choked on its only bogey — the "little putt." It was two feet long and in spinning out of the hole he saw his lead shrink to two strokes. He might then have hit into the crowd on 18. He did not. Instead, he gave himself two easy putts.

"The only time I looked at the leaderboard, I missed that little putt," Norman said. "I think I was a little brain dead. It did me a world of good, making that mistake."

## French Pride Saved as Lino Wins Tour Leg

By Samuel Abt

**PERPIGNAN, France** — Pascal Lino, a convenient symbol for all that has gone wrong in French professional bicycle racing this season, reclaimed a few credits Sunday by winning a sprint finish in the Tour de France and ending a national embarrassment.

When Lino passed the finish line in Perpignan half a wheel ahead of Giancarlo Perini, he became the first Frenchman to win a stage in this 80th Tour. No Frenchman had even finished second since the start on July 3.

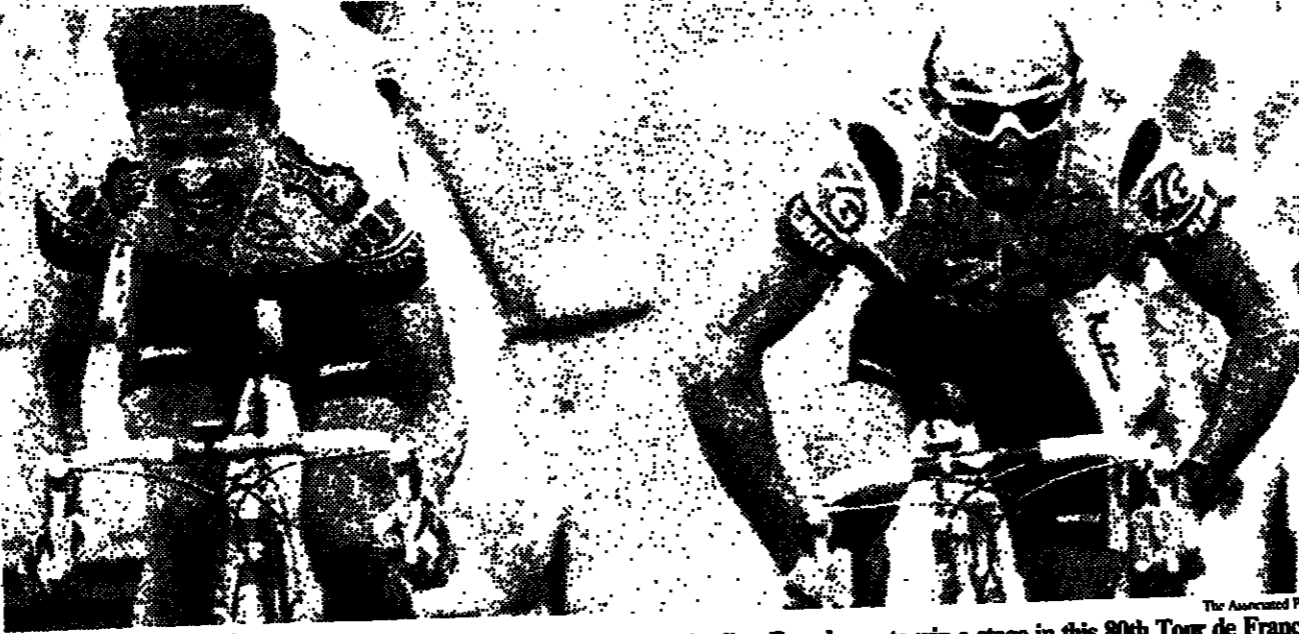
After World War II, the host country has never failed to win at least two stages in the three-week race. With the finish looming next Sunday in Paris, and with French climbers all suspect before three days of racing in the Pyrenees, the unthinkable was being thought.

As Spaniards, Italians, Swiss, Belgians and even Americans shared the Tour's victory podiums, the national media and Frenchman prominent in the sport have been engaged in carping and finger-pointing.

Just Sunday morning, the Journal du Dimanche, a national newspaper, polled such former luminaries as Bernard Hinault, Raymond Poulidor and Raphael Geiniant, and such team coaches as Cyrille Guimard and Roger Legay to ask why none of the three dozen French riders had won a daily stage.

Their answers included too-high salaries, lack of a work ethic, lack of talent, a defeatist spirit and the sort of biblical cycle that sees lean years follow fat ones.

Lino, 26, has symbolized this failure. A golden boy in the last Tour when he wore the overall leader's yellow jersey for a week and a half, he has been criticized all year for leaving France to sign with the Festina team in Andorra, for



Pascal Lino, left, held off Giancarlo Perini in Perpignan to become the first Frenchman to win a stage in this 80th Tour de France.

neglecting his training over the winter, for finishing far back in races all season and for failing a drug test after the Amstel Gold Race in the Netherlands in April.

He overrode the critics Sunday and, after receiving a long and meaningful round of applause from the big crowd at the finish in Perpignan, took note of the circumstances.

"This victory makes me even happier than when I won the yellow jersey last year," he said. "I've dismissed criticism of French riders in the Tour, saying that they were neither better nor worse than last year but that conditions had changed."

Lino had to work hard to get to the victory podium. At kilometer 43 (mile 26) of the 224-kilometer race through rolling countryside from Montpellier to Perpignan, he and Perini linked up with three earlier breakaways: Gianni Faresin, an Italian and a teammate of Perini's

with ZG Mobili; Johan Bruyneel, a Belgian with ONCE; and Mario Chiesa, an Italian with Carrera.

The pack thought better of reacting on a muggy day before mountain climbing resumes and the five continued on their way, building a lead that soon exceeded 10 minutes and kept rising. Fifteen kilometers from the finish, Lino and Perini bolted off and stayed up to 40 seconds ahead of the others. Despite a burst of speed from the chasers, the two leaders were 10 seconds clear when they hit the final kilometer.

In that last kilometer, when they were not peering back to check on their pursuers, Lino kept looking at Perini and Perini at Lino, each waiting for the other to make his move. To Perini's advantage, the Frenchman started the sprint and the Italian stayed in his draft and then started to come around his pacer.

But Lino had a bit too much strength left,

kept pedaling hard and got his bicycle across the line clearly first. He was timed in 5 hours, 28 minutes, 51 seconds at a speed of 40.6 kilometers an hour.

Bruyneel, Chiesa and Faresin finished in that order 13 seconds later.

The dawdling pack came in 16:19 after Lino and that resulted in a shake-up of the leaders below the very top. Faresin, who started the day in 37th place, rose to 14th, and Bruyneel, who started in 26th place, rose to 8th. Lino and Perini moved into the 30s and Chiesa into 93d place.

Despite their new rankings, neither Faresin nor Bruyneel can be considered much of a challenge to the overall leader, Miguel Indurain, in the coming three stages in the Pyrenees. Neither is a first-class climber and he is, and then some.

## FIFA Chief Says Marseille Likely to Be Disqualified

Compiled by Our Staff From Dispatches

**ZURICH** — The general secretary of world soccer's governing body, FIFA, said Sunday in a newspaper interview that he expected European champion Olympique Marseille to be barred from next season's continental competition.

Joseph Blatter, in the newspaper Sonntags-Blick, said he expected the French authorities to issue a ruling next week in the bribery case that has rocked Marseille and the European soccer world.

Blatter said that if charges of corruption and match fixing were proved, then FIFA would immediately ban the involved players from international matches. He added that if it turned out that the players were acting on management's instructions, then Marseille would be suspended from international competition.

A Marseille player, Jean-Jacques Eydelie, said last week that he had offered bribes to three players from the Valenciennes team to ease up in a French league match in May to help Marseille save its energy for the European Champions Cup's final six days later against AC Milan.

Eydelie told the police he had been acting on orders from the club's general manager, Jean-Pierre Bernes. Bernes's lawyer said Eydelie had made his confession purely so he could be released from jail.

European soccer's governing authority, UEFA, last Tuesday gave the go-ahead for Marseille to defend its title in next season's Champions Cup competition pending the outcome of the French investigation.

UEFA said Marseille would remain in the tournament unless the French federation found the team guilty of the charges and named an alternative by Aug. 30.

Asked if he thought Marseille would be barred from the European competition, Blatter

told SonntagsBlick: "Unfortunately I have to proceed on that assumption."

Until now FIFA has been silent on the case, leaving the investigation to the French and European soccer authorities.

But Blatter said FIFA's statutes gave it overall authority over the game of soccer.

"We are obliged to control soccer worldwide and to intervene when things happen that harm soccer," he said.

Blatter said it was difficult to say whether Bernard Tapie, Marseille's flamboyant owner, was directly involved in the scandal. He described Tapie as "colorful" and "shrewd."

"But I do know more clear-cut club presidents," he said.

Tapie has accused opponents of trying to destroy France's greatest soccer team and his own political ambitions.

Marseille's 1-0 victory over AC Milan in the Champions Cup final gave France its fifth European soccer victory. The team got its fifth straight French championship title shortly after that.

If Marseille is found guilty of the charges, the French federation will relegate the club to the second division, Paris St. Germain, last year's runner-up, will likely take over the slot in the Champions Cup.

In a swipe at the French federation, Blatter said it "must act and at least take disciplinary measures against the players who have confessed." He added, "There, the French Federation has shown less courage than the Poles, who acted in a similar case immediately."

Poland's soccer officials last week demoted Legia Warsaw and LKS Lodz in the final standings for their involvement in match-fixing. Lech Poznan will represent Poland in the European Cup, while Warsaw and Lodz were also banned from taking part in the UEFA Cup.

(AP, Reuters)

## Lewis-Bruno Bout Possible Again With Las Vegas Snag

**LONDON** — The world heavyweight title fight between Lennox Lewis and Tommy Morrison may be postponed until next year, Lewis' manager said Sunday.

Frank Maloney said the fight hinges on a Tuesday deadline for Caesar's Palace in Las Vegas to accept a proposed date for the bout pitting the World Boxing Council champion against the World Boxing Organization champion.

"There is a Nov. 5 date to be confirmed by Caesar's, and we have given them until Tuesday to give us an answer," Maloney said. "Otherwise Lennox will fight Morrison in February or March and we will take another fight in the interim."

Maloney announced plans for the Morrison fight this month as the first in a two-fight, \$20 million deal for WBC champion Lewis. Last week, Maloney said Caesar's Palace would be the venue, and

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(Continued From Page 4)

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LANGUAGE

The 'Tongue-Troopers' of Quebec

By Mordecai Richler

NEW YORK — Language and its uses remains the subject of civilized discourse in most countries but not in Quebec, where I hang my hat. Here it continues to be a battlefield, where the display of English on outdoor commercial signs is monitored by a plainclothes gendarmie whom ungrateful English-speaking dissidents long ago dubbed the "tongue-troopers."

In 1977, shortly after the separatist Parti Québécois, then in office, brought in the French Language Charter, we were subjected to a degree of linguistic cleansing. At its most risible, hamburger was adjudged an impurity imposed on Québec's pure laine by their colonial masters in the foreign capital of Ottawa. So it was ruled that it should be immediately displaced by jambourgeois, which was what we meant to ask for if we suffered a Gros Mac attack.

Only last May, Pascal Somarriba, the international marketing manager for Benetton, complained that his company's billboard slogan — "The United Colors of Benetton" — acceptable in 110 countries, including France, had to be "Benetton, Toutes Couleurs Unies" in Quebec. Noting that this was the only place in the world where this had happened, Somarriba, who is French, told a radio interviewer: "I find it absurd. It's our trademark. . . I imagine Quebecers find it hair-raising."

To begin with, Canadians of French-European origin were called *Canadiens*, the name still used by our fabled National Hockey League team, also known affectionately as the Habs, from *habitants*, which my Dictionnaire Canadien defines as a Canadianism for "French settler in Canada, farmer." Next, most of my country's citizens acquired hyphens, and *Canadiens* became French-Canadians. Then, as now, the rest of us in Quebec were dubbed *les autres* or more correctly, *blacks*. Today's politically correct word for Canadians is *Québécois* or, in policy statements favored by Parti Québécois militants, the *collectivité*.

Canadian usage of both "Quebec," which is still a province, and "Québécois" lacks precision. When Pierre Marc Johnson, a former leader of the Parti Québécois and briefly premier of the province, was

named to the Royal Society of Canada in May, the citation noted that he had lectured in "Quebec, Europe and Canada." This strongly suggested that the society's fellows, undeniably brainy, were not awfully good with maps. The same has to be said about the editors of The Globe and Mail, our national English-language newspaper of record. Ostensibly federalist, but inadvertently acknowledging a de facto separation, they have long tolerated the use of such phrases as "athletes from Canada and Quebec competed . . ." or "filmmakers from Canada and Quebec attended."

Whenever our separatist pole set out to charm American senators or calm the anxieties of *les autres* within the province, they maintain that the defining noun *Québécois* embraces all Quebecers, regardless of mother tongue, race, color or creed. But on Halloween days the same pole will head thousands into the streets, every body chanting: "Le Québec aux Québécois," which doesn't strike the rest of us as a clarion call to cultural diversity. *Au contraire*. It suggests that in their minds Quebec belongs exclusively to the Québecois pure laine.

It is difficult to keep up with our evolving linguistic distinctions. Once, I could, with impunity, describe myself as a Montrealeux born and bred, religion Jewish. But in the new Québecois nomenclature I would have to say I am a non-visible minority *Anglophone*, which strikes me as an oxymoron. Say what you like about my people, non-visible is not the ticket. Mind you, being classified an *Anglophone*, albeit non-visible, is more desirable than being labeled an *Allophone*. *Allophone* is the Québecois code name for residents of our province whose mother tongue is neither English nor French: Italians, Greeks, Chinese, Koreans, Portuguese and so on. In the endless convoluted of our cultural hearings, members of this suspect species, many of them God-fearing Christians, are often designated *ethnies*, even though my Oxford English Dictionary defines ethnic as "pertaining to nations not Christian or Jewish; Gentile; heathen, pagan, c. 1470."

To be fair, things are looking up. Now that the UN Human Rights Commission has humiliated Que-

bec, pronouncing the law that prohibited outdoor bilingual commercial signs a violation of the freedom of opinion and expression, Anglos and Allos are going to be granted a miniconcession. The liberal government of Premier Robert Bourassa has passed Bill 86, which will allow some outdoor bilingual signs to be posted by some businesses, providing the French lettering is predominant, that is to say, twice the size of the English or Greek or Chinese. But even this is too much for Lévesque, an important constitutional expert. In his opinion, give the Anglophones an inch and they will demand a mile. "The signs issue is just the Trojan horse," he says. "It's the tip of the iceberg. Once the dam is open you won't be able to close it."

Bill 86 will also shut down the Commission de Protection de la Langue Française and demobilize the dreaded tongue-troopers. Defeating this move against Parti Québécois linguistic zealots, Claude Ryan, the minister responsible for language legislation, has pointed out that only six other places require exclusive use of a language: Algeria, Burma, Colombia, Greece, the federal district of Mexico, and Turkey.

Determined to celebrate our newfound liberty, I proposed to erect a billboard in the field opposite our home in the Eastern Townships of Quebec that would read: "PSSST . . . Freedom. Non-visible Minority *Anglophone*. No Job To Small. Free Estimates on Request."

But alas, the prohibition against bilingual billboards is to remain firmly in place. It means that I can continue to scribble behind doors in a language that it is not proper to display in some public venues, which makes for a certain *frustration*, if that is the *mot juste*.

Mordecai Richler, author of "Oh Canada! Oh Quebec!" a disquisition on Quebec's language, *conundra*, is filling in for William Safire.

INTERNATIONAL CLASSIFIED  
Appears on Page 4

Fin-de-Siècle Makes a Couture Comeback

By Suzy Menkes  
International Herald Tribune

PARIS — The millennium may be seven years away, but haute couture has already caught the fin-de-siècle feeling. On Sunday, Christian Lacroix sent out a collection of divine decadence, inspired by the turn of the previous century. Its sinuous shapely, withered fabrics and murky colors expressed from Lacroix's artistic soul fashion's mood of the moment.

But that doesn't mean that Lacroix's intense vision illuminates fashion's future. A poisonous languor pervades the haute couture collections. The fashion crowd



Lacroix's embroidered patchwork bodice on a chiffon dress over lace pants.

hangs out in the garden of the Ritz Hotel, pecking at fancy salads and asking each other, "Whither fashion? No one really expects the autumn-winter couture showing, four months after the March ready-to-wear, to come up with a new direction. The question is rather whether high fashion can hang in there and justify its existence in a world weary of new clothes."

Lacroix, viscerally attached to haute couture and to the past, received an ovation for his inventiveness and imagination. But he has all but abandoned showing anything to be worn on the street — or inspired by the motley of modern street style. The limpid turn-of-the-century clothes could have used some bracing air.

The show opened with a few day clothes — tweed jackets in russet checks given a patina of age and worn with soft pants. Cute shorts outfits showed black lace hose with brocade shoes or ankle boots. They, like jet jewelry, came from the fin-de-siècle period.

There were a couple of bold ethnic outfits with wide pleated skirts — wild and wonderful statements. Otherwise the silhouette was long and slim for knit and matriam dresses and for all the evening dresses, except for soft ball gowns destined to be turned into clients' wedding gowns.

The evening clothes — and that is what the show was about — were often extraordinary. Aubrey Beardsley drawings given life as a slither of copper panne velvet with ivy leaves entwining the bodice, or patchworks of different black laces shifting their fligree patterns across bare skin. Subtle transparency, draped chiffon bodices and skirts split at the side, sometimes over pants, kept the clothes from becoming period pieces.

A black lace cardigan thrown over a chiffon tunic and wide pants would remind us that this really was the 1990s. A black velvet dress hiked high over sheer

chiffon gave the modern look of a rummage through the attic.

"Couture shouldn't justify itself — I won't look for excuses," said Lacroix. "We should stop saying it's a dream when it's a reality. And it is not about keeping a traditional savoir faire, because that evolves too, and it is now 20- and 30-year-olds who are fascinated by handicraft."

To prove that, Lacroix had his tweeds

handwoven by an arts student from Seattle, and his fabrics were taken from archives of suppliers and reworked. Modern techniques for antique effects were used for a lamé trench coat with a hologram effect. Latex, usually for T-shirt motifs, was worked on an embroidered bodice above a waif of khaki green chiffon dress.

Although it is difficult to appreciate craftsmanship on a fashion runway, La-

croix's strength is that each outfit is a genuine creation. The effect of this show was poetic but etiolated — and as far as the imagination can stretch from regular ready-to-wear.

At Guy Laroche, Angelo Tarlazzi offered a collection suitable for the trio of French political wives sitting center front — yet in tune with the ideas of ready-to-wear. Marie-Joséphine Balladur, Claude Pompidou and Bernadette Chirac found themselves looking at simple long-jacketed suits worn with medieval wimples and a turquoise velvet suit topped with a white apron.

A show needs either to embrace the establishment or the avant-garde's gothic revival. When Tarlazzi was not caught between the two, he made some pretty evening dresses, like a patchwork of bias-cut panne velvet and crepe.

Maurizio Galante's show was all Italian. A claque came from Rome to cheer his Paris couture debut, his mother wiper and the veteran actress Valentina Cortese, sprouting layers of leaf-green pleats, proclaimed "Maurizio! Divina!"

"I admire him, he is unique, he has such poetry inside him," she said. Poetic ideas included a tunic made out of scraps of old love letters.

Galante, 30, echoed the grand gestures of Roberto Capucci and the spirituality of Romeo Gigli, with his sculpted collars and Renaissance colors from eggplant through dark green. His arty workmanship included a black cape of swooping swallows, made like paper cutouts; the skirt of a black dress hanging like seaweed fronds, and a felt stole recreating the curves of a wrought-iron gate. A Chinese lantern bolero was shown with Levi's to prove that the designer is still part of the jeans generation.

Haute couture needs to pass the flame. Pierre Cardin is not showing this season, after the death of his partner, André Olivier. Philippe Venet is just ticking over. Hubert de Givenchy may retire after his contract with Bernard Arnault ends in two years.

Paris gossip is that Jean-Paul Gaultier might take over at Jean Patou, but ready-to-wear designers' moving into couture seems like a 1980s story. Thierry Mugler couture, launched in July 1992, has evaporated.

The promised couture debut of the British designer John Galiano has also dematerialized. But Galiano has found a private Paris client, Siko Schlumberger, dressed in Galiano's 18th-century-style frock coat, sat in the Ritz bar Saturday waiting, like everyone else, for fashion to project itself into the 21st century.

WEATHER

Forecast for Tuesday through Thursday, as provided by Accu-Weather.

Table with columns for Europe, Asia, Africa, North America, Middle East, Latin America, and Oceania. Each column lists cities and their weather forecasts for Tuesday, Wednesday, and Thursday.



North America: The northwest, including London, Berlin, Brussels and Paris, will be cool with passing showers and times of sun. Tuesday, cool rain will see such cities as Zurich, Madrid and Vienna, a few showers will dot northern Italy. Wind will cool the Mediterranean shores of France and Italy.

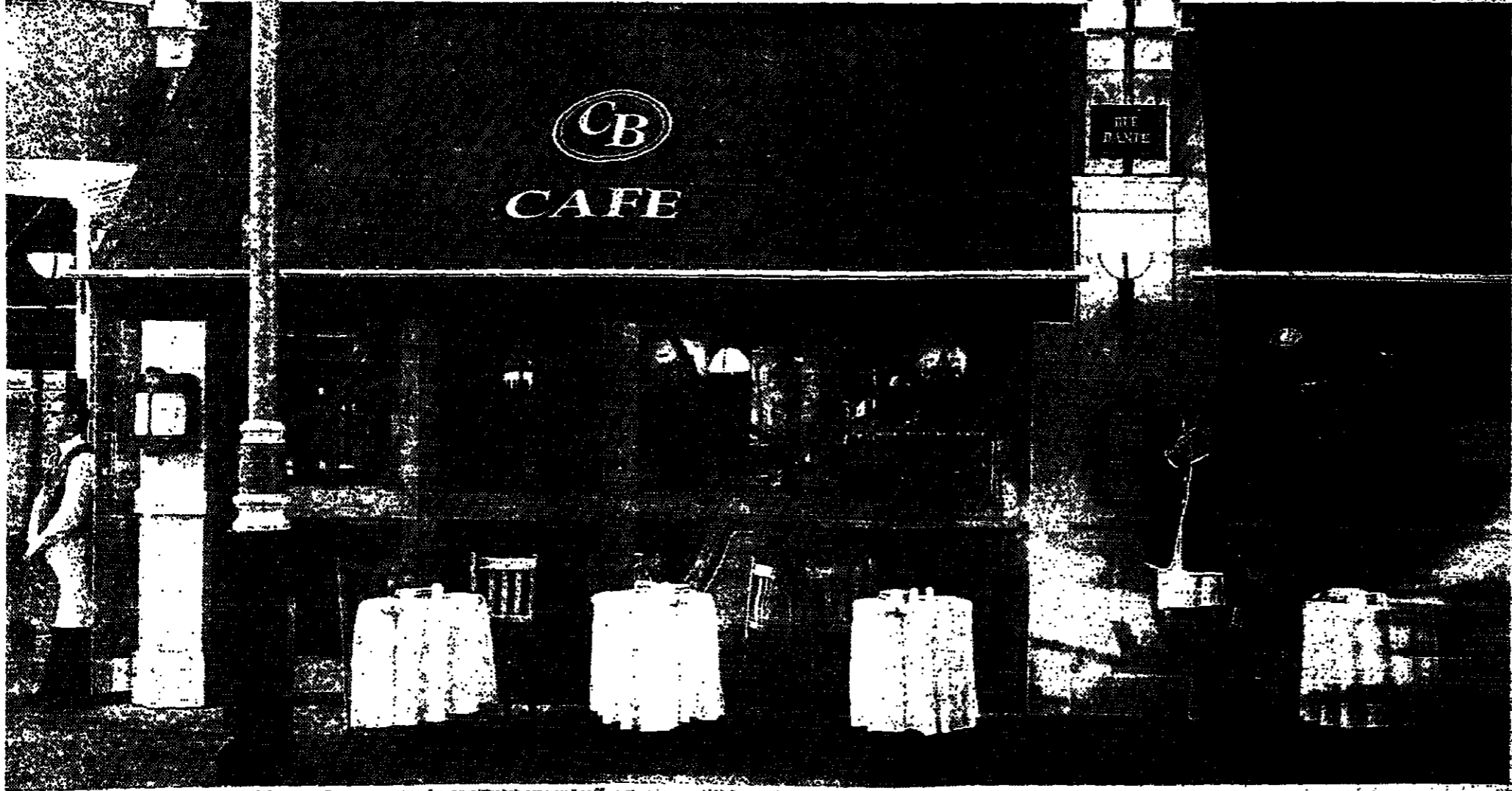
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CROSSWORD

Crossword puzzle grid with clues for Across and Down. Includes a solution for the puzzle of July 16.

Additional crossword puzzle grid with clues for the New York Times, edited by Eugene Malachuk.

If you're going to travel all over the map, here's how to call from almost any point on it.



AT&T Access Numbers table listing international dialing codes for various countries and regions.